

NTHLY

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# CREDIT

## MONTHLY



*Preserve Prosperity*

**31<sup>ST</sup>**

**ANNUAL CONVENTION**

NATIONAL ASSOCIATION  
OF **CREDIT MEN**

**NEW YORK** **1926** **MAY 24<sup>TH</sup> - 28<sup>TH</sup>**

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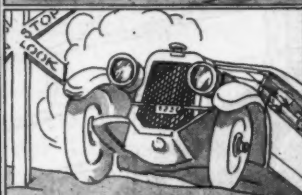
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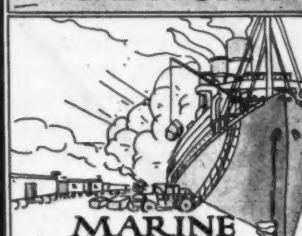
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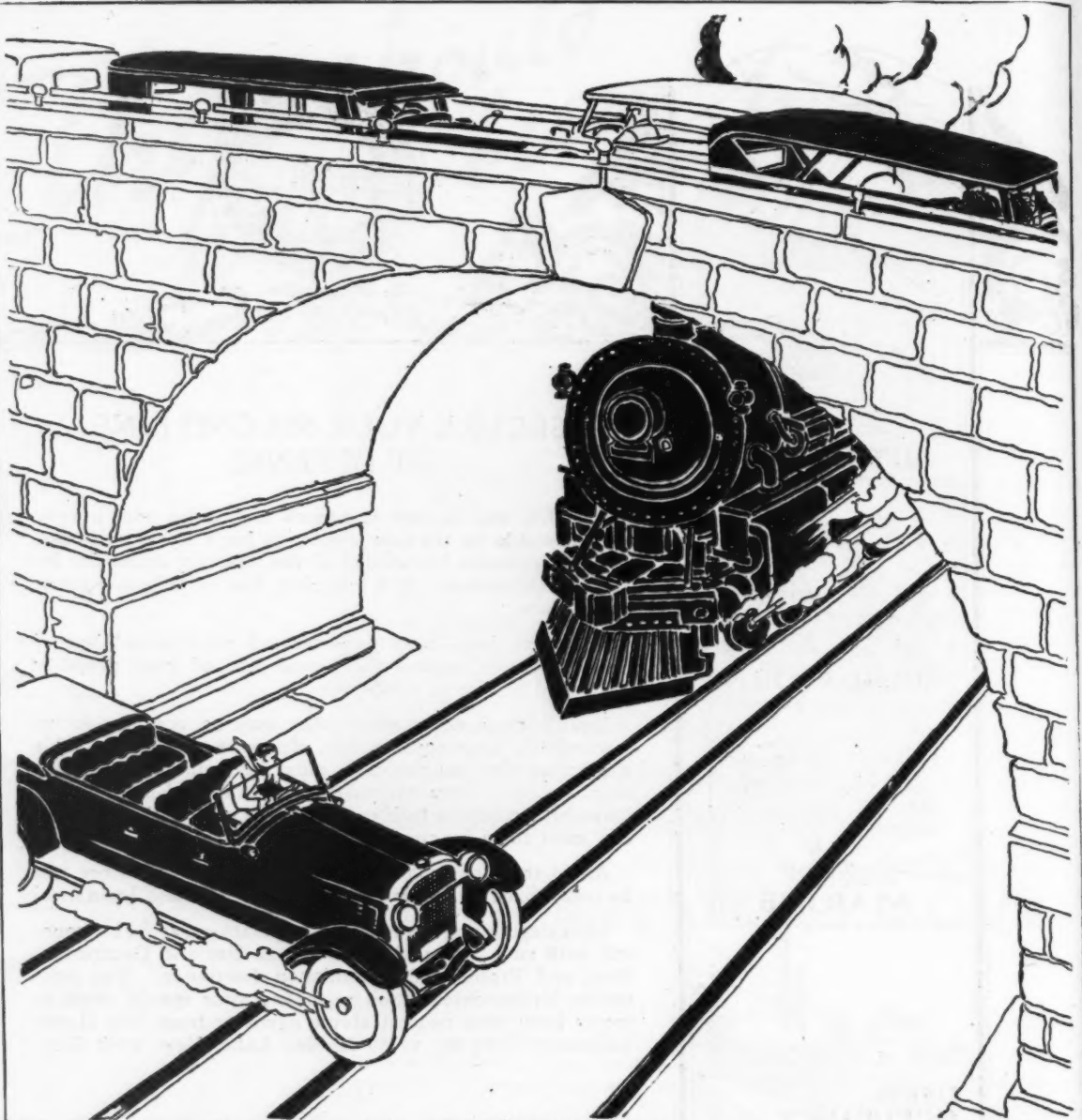
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*The Stage*—directly adjoining the session hall at the 31st Annual Convention of the National Association of Credit Men at the Hotel Commodore, New York City, May 24-28.

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*The Cast*—advertisers in the *Credit Monthly*.

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The close relationship between insurance and the risks involved in credit granting, has led many of the insurance companies to keep in touch with you through the *Credit Monthly*. Their representatives also will be on hand with facilities to explain some of the less familiar phases of insurance, concerning which there may be some uncertainty. Delegates can safely bring their problems along to these specialists.

Every delegate to the Convention is urged to examine at leisure the appliances and exhibits, and to ask for information. This will place him under no obligation.

# CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

Rodman Gilder, Editor

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## This merchant asks you for credit— should you grant it?

**O**N what do you now base your grant of credit to new applicants? The old system of writing to the applicant's references; of reports based on information given by one or two individuals? Such information may be biased and misleading. A financial statement may indicate strength, but unless your applicant's method of payment in the past shows such strength put to actual use, of what avail is it? Such recommendations originating from one or two sources are not true facts concerning the firm's past business practices.

What you need to properly diagnose the case is a complete survey of all **FACTS**, particularly the record of payment in the past, not with one or two firms, but many, in all lines of business.

Credit Interchange Bureau reports are a comprehensive survey of a merchant's past credit record. The kind of merchandise bought, the number of years sold, the highest credit, amount owed and past due, and the methods of meeting his obligations for many years past.

With these complete **FACTS** concerning your new customer's past credit record at your disposal, you can make an intelligent decision. You can approve or decline the account and your decision has been reached only after you have had the complete record of your new buyer presented to you.

For, after all, facts are the only basis on which to do business.

### CENTRAL CREDIT INTERCHANGE BUREAU National Association of Credit Men

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Or phone or write your nearest local Association for full particulars.

## *Sabbaticals for Business Men*

THE Vice-President, in charge of credits, had listened silently for some time while his brother-in-law, the Professor, described in glowing terms how he intended to spend his sabbatical year for travel and research, to which he was entitled because of six years' continuous service on the faculty of his university. The business man looked tired.

"And in the Fall of 1927 I'll come back to the University with an added efficiency of at least 25 per cent. I'll have the makings of another book. In freshness and enthusiasm I'll have far more to give my students than I have now."

"How can the colleges afford the luxury?" asked the business man with a broad smile.

"Luxury?" echoed the Professor. "The universities that turn men like myself loose every seventh year certainly know what they are doing! They appreciate better than some of your business organizations the value of getting new ideas and points of view, of freshening up the man responsible for carrying things along.

"You arrange pensions, savings clubs, recreation and welfare plans for your employees, and group life insurance for your whole personnel. Why in the name of Good Management don't you establish the principle of sabbatical years for the executives that are carrying the heavy responsibilities?"

There was still the trace of a smile on the Vice-President's face.

"Look at the break-downs that Business has to carry. Look at the good men who get into a rut and become less instead of more useful as the hard grind goes on.

"Besides adding to the satisfaction in life itself, (an object that some of you business men seem to forget all about), sabbatical years for the real executives in any large business would be an economy!"

The Professor was leaning forward as he ended his argument. The business man, no longer smiling, stared at him with the light of a new thought in his face.

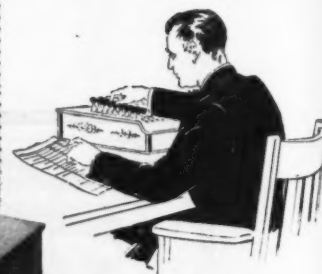
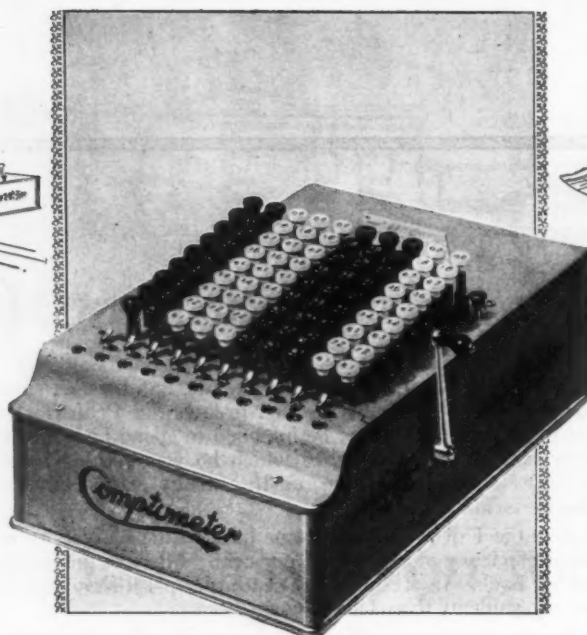
*Robtman Gilder*

Editor





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Figures are the eyes of business.

They reveal the path ahead, outlined in the reflected light of past experience.

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# CREDIT MONTHLY

Vol. XXVIII

MAY - 1926

No. 5

## We Can Help Each Other In Credit Work, "No Man Can Live Unto Himself Alone."

By Howard S. Sanders  
Eastern Tablet Corporation, Albany, N. Y.

**T**HE CREDIT MANAGERS of two big manufacturing companies have just arranged (as I learned from one of them personally) to meet in New York while attending the Annual Convention of the National Association of Credit Men in May. Both interested in the same trade, but not competitively, they are to bring lists of their questionable accounts, compare them and thus be able, from then on, to keep one another better informed.

Hundreds of contacts like this, among old acquaintances and new, occur at our conventions. They alone are enough to warrant the holding of these annual affairs, if no other objects were attained.

Knowing that the commercial crook is a menace to good business, and that hundreds of thousands of dollars are lost annually through mismanagement, the Credit Manager is obliged to be constantly on the alert to see that the business which he serves is surrounded with the best protection possible.

### Are Ordinary Reports Enough?

He has available the reports of mercantile agencies such as Dun's and Bradstreet's reports of various trade associations, of Interchange Bureaus and of attorneys. *Are these sufficient?* Oftentimes it has been found that they are not, for the reason that all of the various suppliers are not members of the same Trade Association, or users of the same service. When the supplier is called upon to pass on a rush order, the delay caused by waiting to obtain mercantile reports, trade reports, etc., may result in unjustly retarding sales.

The purpose of our National Conventions is not only to elect our National Officers; but, also, to afford an opportunity for Credit Men to become more intimately acquainted with each other.

How well, as a rule, do we know the Credit Manager who is passing judgment on the same customers we are selling? He may be connected with a competitor or with someone who, although not a competitor, is just as much interested as we are. Too much cannot be said about the value of personally knowing the Credit Manager who is selling the same class of trade.

During the past year we received a first order calling for a rush shipment. The several references reported, when canvassed, that experiences were fair. Knowing it was quite possible that the

customer might be purchasing from one of the large pencil manufacturers, I wired the concern's Credit Manager, whom I had met personally at the Buffalo Convention of the National Association of Credit Men two years ago. The information cheerfully and promptly obtained from him would not have been revealed in the average trade or mercantile report. The order was declined; and when the debtor absconded some three or four months later, I was more than ever sure of the value of personal acquaintance with other members of the credit fraternity.

Just prior to my leaving for the Buffalo Convention an order was received for about \$2,000 from a customer in a western city who had been purchasing from us for about a year, but had not been remitting within a reasonable length of time. In fact at that time he owed us about \$500, and the best that we could get was promises.

### A Brother Credit Man

The treasurer of the debtor company wrote several letters—and they were master pieces!—giving his reasons why their orders should be approved for credit and also submitting a financial statement which showed total assets of several hundred thousand dollars. The statement to all appearances indicated that the company was entitled to a reasonable amount of credit. I went to our National Convention with the thought in mind to approach the first Brother Credit Manager who hailed from this Western city and if possible get some real inside information as to just what was taking place.

There was a Brother Credit Manager there from this Western City and the information given to the writer, as well as later information received from him through the mails, resulted in the cancellation of the order,—much to the disappointment of the Sales Department. The same co-operation was given to the Credit Manager of a competitor of ours who, because of being forewarned, was able to speed up the collection of some \$1200; and when the crash came on June 7, 1925, the name of our competitor, as well as our own, was happily missing from the list of creditors. The money saved on this account will pay our expenses in sending me to several Conventions, no matter where located.

At the Washington Convention last year several new acquaintances were formed. A Brother Credit Manager

from Providence was able to give me some valuable information regarding a large account in Pennsylvania which had been causing more or less trouble. Meeting and knowing this Credit Manager, and receiving from him the results of his personal investigations, was and is of incalculable value.

If a customer cannot pay for the merchandise which he buys from your competitor, it is obvious that you too will fail to collect. On the other hand a customer may be paying a competitor promptly—not because he wants to but because the merchandise he is buying is moving fast and his stock has to be replenished.

### Buying in Many Markets

It is obvious that it is essential to know how a customer is paying his bills with your competitor; but it is also very necessary to know how he is paying his bills with others from whom he purchases. Many large businesses today carry so many different kinds of merchandise that they are buying in a great variety of markets. Therefore, the acquaintanceship of the Credit Manager cannot be too wide.

At our National Convention we meet men from the West, South, North and East. We never at any time know when we are going to receive dividends from that acquaintanceship, nor does the other man.

The Credit Manager who today is keeping in touch with his Brother Credit Manager is in a better position to safeguard his Accounts Receivable than the man whose acquaintances are limited. Our National Convention affords the opportunity of having a wide acquaintanceship and if as Credit Managers we are going to build up bigger and better businesses and materially reduce the enormous bad debt losses prevalent today, we must concentrate our efforts on meeting and knowing the men whom we can rely upon for co-operation, and make it clear to them that we are ready to meet such co-operation more than half way.

I have had it understood with the Credit Managers of several companies that if at any time they have any suspicion that we are interested in an account that they are selling, they will not hesitate to get in touch with us, and in doing so waive all formalities and just send a pencilled note.

(Continued on page 13)

# Insurance As Credit Collateral

## Casualty Insurance as a Stabilizer of Commercial Credit

By Henry Swift Ives

Casualty Information Clearing House, Chicago

**U**NDER the heading of Casualty Insurance will be found a hundred and one insurance devices. Although there may be some overlapping of functions here and there, the usual scope of casualty insurance is outside of the domain covered by life and fire insurance. It includes such well known lines as accident and health, workmen's compensation, public liability, plate glass, burglary, robbery, automobile collision, automobile theft, automobile property damage, automobile liability, employers liability, elevator liability, electrical machinery, water damage, explosion and profits, and also the general fidelity and surety lines. The latter are often classed separately, but here, for the purpose of convenience, they are included under the casualty heading.

Casualty insurance has had a most remarkable growth. In 1898 the total premiums written by companies doing this sort of business in America aggregated \$11,500,000 annually. Last year the premium income of casualty and surety companies approached the \$650,000,000 mark. Most of the gain has been made during the last decade.

Many of these casualty forms of cover are of interest to the credit man. It often occurs that the debtor's financial standing is affected adversely by the happening of some event which may be insured against under some form of casualty insurance. Perhaps the most important of these lines from the credit standpoint is public liability insurance.

### Public Liability Insurance

Public liability insurance may be generally defined as insurance against claims or damage suits arising out of accidents sustained by persons of the public—that is persons not employed by the insured. The responsibility of every individual, firm and corporation for the safety of those in or about his property or premises is well recognized by law: Workmen's compensation insurance, which is compulsory in most states, takes care of the employers' obligation to his employees, but as to the public the liability is not fixed and the hazard is therefore greater. The basis of the recovery of damages by the person of the public is negligence, actual or constructive, on the part of whoever owns or controls the property or premises involved, his employees, or his agents.

Damage suits are being brought in ever increasing numbers by members of the public against contractors, storekeepers, manufacturers, public service corporations, automobile owners and drivers and the owners and lessees of all kinds of property on account of personal injury or death due to some form of negligence. Property damage as well as human damage also is the basis of much litigation. Heavy judgments in this class of cases are quite common and are more easily obtained than ever before. Often they leave the defendant bankrupt, and still

more often they result in losses which destroy his business prospects for a long period or compel him to dispose of all or most of his property at a forced sale. Many of these suits drag out over a number of years, and while they are pending they often impair the defendant's credit seriously.

It is becoming more and more recognized by credit executives that the danger from such happenings is often nearly equal to the fire menace. Indeed the warp and woof of modern life is such a twisted maze, and human relationships are becoming so intricate that protection by insurance is freely offered and as freely sold today against the coming about of events which a decade ago would have been considered quite improbable.

As a general thing, the larger mercantile and manufacturing enterprises are fairly well covered by the various casualty lines which they seem to require, especially public liability. Experience has taught them the advantages of full cover. But in most of these cases the firm probably would be able to stand any ordinary damage claim without seriously affecting its credit even if it carried no insurance. This, however, is not always true of the smaller concerns.

As an illustration let me cite you the case of a new hotel in a western city. The building was erected by local capital and heavily mortgaged. Shortly after the place was opened the elevator fell and four persons were killed and several others injured. Judgments were obtained aggregating \$85,000. There was no passenger elevator liability insurance. The result was bankruptcy for the hotel and a substantial loss to the houses which equipped it. A large city hotel could have weathered such a storm without insurance although such establishments generally carry ample protection. In order to avoid a loss of this kind the credit men need not watch the big fellow so very closely, but he should be constantly on his guard to see to it that the little fellow is adequately safeguarded by insurance.

### An Aid to Small Business

In Chicago two young grocery clerks saved a few hundred dollars, pooled their resources and went into business for themselves in an outlying district. A supply of Christmas trees was obtained for the holiday season. These were piled on the sidewalk in front of the new store. A few days before Christmas a bundle laden commuter hurrying home stumbled over these trees. The fall resulted in a fractured skull. The boy proprietors were clearly liable. Fortunately, however for all concerned, they had adequate insurance protection under a public liability policy, and the insurance company settled with the injured commuter for \$4,000. Under any other circumstances the new storekeepers would have been forced into bankruptcy. The insurance, it might be added, was not obtained be-

cause of any insistence on the part of the credit managers of the wholesalers who had trusted these boys, but rather because one of them had previously worked in a store which had been put out of business by a similar claim. He knew the danger.

The insurance company records are full of other incidents of this kind. Many small merchants and manufacturers have been saved from insolvency by having adequate protection against all the hazards of the business in which they are engaged, but more have been wrecked because they personally were ignorant of what cover was needed.

There are an almost endless variety of public liability insurance forms. Some of the most important are: contractors' public liability; contractors' protective liability, manufacturers' public liability, owners' protective liability, general public liability, automobile public liability and property damage, elevator public liability and property damage, team owners' public liability and property damage, theater public liability, physicians' and dentists' public liability, and steam boiler insurance.

Automobile public liability insurance is of great importance. Accidents due to the careless driving of store delivery trucks and wagons are increasing and many large verdicts have been returned against store owners on account of such happenings. The same is true as to all automobile owners. I do not think I am exaggerating when I say that any man's credit today is uncertain who owns, drives or controls an automobile and who has not property enough to liquidate a \$5,000 damage claim and pay his attorneys and court costs as well. That is a minimum requirement for any automobile liability policy.

Recently in a southern town the proprietor of a fairly prosperous factory employed a delivery man. The driver was careless and ran over and seriously injured a boy. A judgment for \$30,000 resulted. The business had no funds to meet such a demand. The attorney for the injured boy then took over the plant and operated it for the benefit of his client.

In California a two year old girl was hit by a delivery truck in 1912. Thirteen years later she recovered a verdict of \$12,000 on account of the accident and the merchant filed a petition in bankruptcy.

### Burglary a Real Credit Hazard

Burglary insurance is more important today than ever before. This applies particularly to stores and shops handling goods of small bulk and large value, such as jewelry, art works, furs, rugs and the like. There are many instances where small shop owners have literally had their stocks cleaned out and have been

(Continued on page 14)



# Who Pays For Credit Frauds?

By Marshall D. Bewick, B. Lit.; M. S.

THE question often arises as to who pays the cost of commercial frauds that result from concealment of assets, fake bankruptcies and bankrupt fires. It is a question that cannot be answered in a few words. However, in general it can be said that the manufacturer and wholesaler pay the cost of frauds out of their profits.

As the losses through commercial frauds are not evenly distributed throughout business, they do not represent a fixed charge like a tax or overhead expense that can be passed on to the consumer. Fraud losses vary greatly between business concerns so that where business is operating on a strictly competitive basis the loser cannot attempt to pass the loss on to the consumer in the price of his goods which would then be higher than the prices quoted by his competitors.

There are some exceptions to this general rule, however. In businesses that operate in such a manner that they can charge a monopoly price, which may be what the traffic will bear or a low price which in the long run creates a larger profit than a high price, the fraud loss, in most instances, can be passed on to the consumer by an increase in price. This would be true in businesses which control patents or produce a highly specialized line of goods that are not made of equal quality or utility by any other concern.

It is also possible to pass fraud costs along to the consumer in those businesses which are limited to a few fields and not highly competitive. There are, for instance, concerns manufacturing a line of goods for which there is limited demand and which vary in quality or style among the few manufacturers in this particular field. It is often the case that in this kind of business the prices vary considerably and these prices do not influence each other to any appreciable degree. This would be another instance where the losses of commercial fraud could be distributed through the sale of merchandise to the consumer.

Another type of business which would be comparable with the foregoing instance would be those concerns which operate on a highly productive or efficient basis, and which, therefore, could increase the price of their products by small amounts to pay for fraud losses without endangering sales. Other con-

cerns in the same line as these highly productive plants, however, could not do this for their prices would already be high and the addition of a few cents to the wholesale price would endanger their amount of sales.

Even where credit insurance may be resorted to, the cost cannot be entirely escaped, for the losses that would result to policy holders would be paid by all the insured; and the premiums that would pay the losses would as indicated before come from the merchants' profits.

The retailer is also a loser through

ness man, and a person with investigative ability.

Of further importance is the contact with an organization that can provide current information about debtors, such as is provided by the Credit Interchange Bureaus of the National Association of Credit Men.

Finally, the credit man should know the necessary steps to be taken when his concern is defrauded and be in a position to assist organizations that investigate commercial fraud, to assist the concern's attorney and quite often a District or Federal attorney.

One can get an idea of another cost that is attached to fraud by learning that in seven years the Credit Protection Department of the National Association of Credit Men spent nearly a half million dollars in investigating credit crooks and bringing evidence before Federal and district attorneys. Besides this, some of the 140 local Associations that are affiliated with the National Association spent considerable sums in similar independent work.

Six cases handled by the Association that were chosen at random indicate that the fraud cost of investigation averages about \$600 for each case. We must bear in mind also that creditors' committees under their own initiative conduct similar work from time to time which runs into large sums of money. The Board of Trade of San Francisco has done this sort of work from time to time and has in fact set aside a sum of money for prosecutions in San Francisco and its environs. These costs which I have just recounted roughly all come out of the profits of business and they are spent, of course, in the hope that assets may be recovered from the bankrupt.

There are also adjustments in bankruptcies which are costly and sometimes occur in fraudulent failures. In legitimate failures these are a necessary burden on business.

Contrary to the belief of some business men that the cost of commercial fraud bears upon the consumer and is, therefore, often recognized as a cost of doing business, this tribute that is paid to the business burglar usually comes out of the business man's profits.

As long as business men believe that the tribute is passed on to the consumer they will be lax in their credit methods, and will not be greatly concerned about the reduction of commercial fraud.



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## THE NATIONAL POLICEMAN

unfair competition that is created by bankruptcy sales, and in the unscientific distribution of distress merchandise, not to overlook stolen goods, that often result from fraudulent bankruptcies.

Since it is quite likely that the large majority of business concerns must meet the cost of depredation by the business burglar out of their own profits, it is highly necessary that the business man exert all possible effort in reducing commercial fraud. One of the first steps in this direction is the organization of a properly functioning credit department under the management of a skilled credit executive who shall not be a mere mechanic in his credit operations. He must be a man with broad vision and an economic theorist as well as a practical busi-

# Wealth and Production

## Fifth Article in Credit Monthly's Series on Economics

By Bernard Broudy, B. S., M. B. A.

Assistant to Director, Department of Education and Research, National Association of Credit Men

**T**HE third article of this series, which appeared in the March issue, referred to capital as wealth saved up and put back into the system of production for purposes of further production. But what is wealth? The whole subject of Economics seems to revolve about it. It has even been said that the study of wealth, how it is produced, how it is distributed, how it is consumed, and so on, is Economics.

Although the economic definition of wealth is hard to grasp and difficult to appreciate, it must be kept clearly in mind because most mistakes in Economics are the result of a mistaken or muddled definition. The economic definition is quite different from the popular concept of the term. In ordinary speech wealth is measured in terms of dollars and cents—a wealthy man is a man with a large income. But as Clay says in his *Economics for the General Reader*, the dollars and cents are not the wealth. No one, except the miser, desires them for their own sake; they are wanted only for their purchasing power. We state wealth in terms of money merely because money is the only standard of wealth we have.

Real wealth consists of the things that the money will purchase, and of those things we think of when we try to realize what wealth is; the precious metals and precious stones, the materials and implements of manufacture, foodstuffs, land and buildings,—these and not their money prices are what we mean by wealth. But there are other, less tangible things we buy with money—the surgeon's skill, the art of the musician, the services of preacher and teacher, and a thousand others; what have these in common with the tangible, obvious forms of wealth we thought of before? They have only one quality in common,—they satisfy human want and desire, and it is that quality that makes us regard them all as "wealth."

If wealth then is the satisfaction of human want, anyone or anything that satisfies a human want, or helps to satisfy it, is producing wealth. Property owners, for example, receive income without producing anything, but their property helps to satisfy human wants in many ways. The professions must also be regarded as productive. If a workman is a producer because his skill shapes material objects to our needs, the technical teacher who has helped the workman get that skill must be considered a producer; and the teacher's work is based on the discoveries of pure science, which must therefore be regarded as productive.

The same reasoning applies to the servants of government. Law and order must be maintained or the ordinary work of production could not go on.

As one economist has aptly put it, "The view that only the production of material objects is true production would tell against the views of its holder if pushed to its logical conclusion. In that sense no man ever produces anything. The funda-

### From Mr. Broudy's Mail

"It seems to me that you are performing a great service for the business men of the country by bringing the study of Economics to their attention in the way you are doing in these articles."

mental laws of physics are the conservation of energy and the indestructibility of matter, and what man does is to change the form of matter given by Nature, to change the kind and direction given by Nature; he alters, shapes, and directs forces, not creating anything. At the end of all his work there is the same weight of matter and the same volume of force in the universe as there was at the beginning. What all labor is directed to is the satisfaction of human wants, and that satisfaction is wealth, whether given directly in the form of services or indirectly by giving to some material object the shape and form which will enable it to satisfy human wants."

### Income as a Measure of Wealth

The usual notion is that wealth consists of a stock or fund of objects, and that wealth of a community could be stated in the form of an inventory of all the goods in the community. This view is partly due to the belief that only material objects form wealth, though, as has been stated, material objects themselves are wealth only because they have the capacity to satisfy human wants. Such an inventory would exclude some important forms of wealth, such as the skill of the workman, the knowledge of the scientist, the organization of industry,—all that enables us to keep up our stock of material objects.

Such a method would be a very imperfect method of dealing even with material objects. What, for instance, would be the use of including in an inventory a machine without giving any indication of what the machine could do? It might give the original cost of the machine, but that is no indication of the capacity of the machine to satisfy wants, since it may be worn out or have become obsolete. It is only by the product of the machine, by the income which it will yield, that we can tell its value, and if it is desired to state the value of the machine in a lump sum, it can be done only by capitalizing the income derivable from it. That is, by calculating what sum of money would be needed at the current rate of interest to yield an income of the value of the machine's product. If we wish, then, to measure the wealth of a society, we can do it only by calculating its income, not by totaling the value of the

goods it may possess at any moment?

But in the process of satisfying human wants, wealth is consumed. Coal is not economic wealth in the ground, but it is when it is on the way to the furnace. However, when it satisfies the want, it is used up and is wealth no longer. This is universally true of all wealth, though the rate of consumption varies greatly. A building even if made of granite will not last forever; the consumption, though exceedingly slow, is going on just the same.

Everything that we produce is consumed. If the consumption is without object, we call it waste; but whether by deliberate use or waste everything is consumed. Usually the instruments of production wear out slowly, but it is not their greater durability that makes them capital, it is their use. Capital is not certain forms of wealth, but may be any form of wealth that is put to the use of assisting in production of further wealth.

This constant decay and renewal has been called the circulation of wealth. The renewal does not go on automatically, but requires continuous effort and sacrifice. The great volume of wealth required for this renewal is one reason for the discrepancy between society's income and its vast productive power. It can always increase its productive capacity by increasing its capital and improving its land, but if it uses all its current income for these purposes, it cannot use it for the satisfaction of current wants.

### Effect of Labor-Saving Devices

Because wealth is a "flow," a country can always pay for new goods and services; there is always a demand for additional labor, capital and land; there is always room for new inventions and improvements in organization. This may sound strange when we are constantly hearing of capital seeking investment, land lying idle and labor unemployed. But the reason for their unemployment is certainly not that the income of the country is fixed and limited. There may be a temporary displacement or maladjustment, but no labor-saving device will permanently displace any of the labor and capital now employed. In the long run the introduction of labor-saving machinery will increase the demand for labor. This fact is illustrated by the example given by Clay:

"A shoe manufacturer, employing a hundred hands, introduces a machine which enables him to produce with seventy-five hands as many shoes as before. What happens? He may decide to produce more shoes and keep on his hundred hands; if he makes more shoes he will have to sell them at a lower price—as presumably he can do, thanks to his new machines—or the market will not take them. The net effect in that case is that no labor will be displaced, additional labor is required for making the machines, and some people who could not afford his shoes before can afford them now.

(Continued on page 35)

# Madame Parini's Cameo

By Frank R. Otte

EACH diamond platinum bar pin lay softly on the green plush, unfolding colors as opalescent as the plumage of a humming-bird with breast and throat bared to the sun. George Stockdale placed them on the counter whistling softly as he inventoried.

Back of him, in a crevice between the silverware showcases, a small calendar in bold letters noted Friday the thirteenth. Stockdale had glanced at this as he took his customary place behind the counter—and smiled; for others perhaps a date acidulated with evil omen, but for him full of the promise of momentous fortune. For thirty-five years that seldom recurring combination had invariably marked for him a red letter day.

He commented on this with characteristic good humor when William Black paused, on the way to his office, fondling for a moment the gems that Stockdale handled with infinite care as he placed each one in its richly padded box.

"Beware of this evil day," Black said with a smile which betrayed his utter disbelief in superstitions. "The pestiferous pilferers of jewelry shops make it their heyday."

"Fear not, Mr.

Black," Stockdale retorted with equal facetiousness. "No danger—I was born on the thirteenth and when thirteen years old my birthday fell on Friday which accounts for my finding on that day a weather-worn wad of bills which spread out and counted disclosed thirteen dollars and thirteen pennies. Since then—well, count on me for a master sale. Remember—the last time—I disposed of those Tinkley heirlooms and you pocketed a profit of \$3,000. Spell out three thousand and count the letters."

Black laughed. "Thirteen letters—sure enough. Well, more power to you!"

Stockdale was immensely fond of William Black, the junior partner, treasurer and credit manager of Esty, Dean & Black, Chicago's Tiffany. On duty he invariably called him "Mister." But off duty it was always "Bill." Shrewd as a jeweler but even more shrewd as a crook alienist, who specialized in crooks young

Black was often called on to help solve some carefully and daringly executed jewel theft.

Asked once by Stockdale how he did it, Black retorted, "Reading maketh a full man."

nearly had my hands on it—missed it in Buenos Aires by but a few days, and now it is here somewhere in Chicago—in a nondescript pawn shop, perhaps, and yet the purchaser must have paid dearly."

Stockdale watched the man carefully, fascinated by the tense, dramatic description, by the cadence of his voice, now clear as a bell now scarcely above a whisper.

"I have never heard of this cameo," he said, abashed by his ignorance.

"Ah, no; but you must be well acquainted with such of those as might acquire it. Seek it for me—look, I pay you for your trouble." The stranger drew from his pocket a thick wallet, Persian in design. From this he slipped a crisp \$1,000 bill, and laid it on the counter.

"That," he continued, "will pay you for advertising and your searching. When the cameo is found, name your own profit. My card." The Spaniard handed it to Stockdale. "See, on the back I have written my present abode."

Stockdale read: "Silvio Manzoni." In the lower left hand corner an engraved coat of arms and turning the card over he noted, "The Drake, Suite 517."

When Silvio Manzoni left, Stockdale muttered to himself: "Thirteen letters in that name," and "517

—five plus one plus seven equals thirteen!"

The partnership of Esty, Dean & Black unanimously voted Stockdale *carte blanche* to search for the cameo treasure with such time and energy as he saw fit to expend. And Stockdale, keen for the adventure, went at the hunt vigorously.

Advertisements in the local papers proved of no avail. Stockdale's taxi bill soared. It was a week of futile effort. Then same Saturday noon. At the club Stockdale was playing a rubber of bridge when suddenly he laid down his cards rudely terminating the game. Rooney! Rooney, collector of odd gems and antiques, had suddenly popped into his mind. Chiding himself for not thinking of him sooner, he quickly called a taxi.

Up a dark alley and down a side street, deep troughed like a lane between primeval trees, the taxi churned through the mud and jostled in the ruts of ancient



"Come on—Look" and Stockdale laid bills on the counter, \$10,000

"Yes, reading and liquor," Stockdale remarked drily.

At thirteen minutes past one—which is as Stockdale always asserted "according to the French system thirteen past thirteen," the customer for his boasted master sale approached the counter.

"I'm here on a curious mission," he said in a voice faintly marked by a Spanish accent, but fluent and mellifluous.

Intuitively Stockdale knew his moment had come.

"For a number of years," the stranger continued, "I have sojourned in South America. Cameos are my hobby. My collection I prize highly, but it will never be complete until I add to it Del a Navia's tiny masterpiece, carved cameo fashion from the vegetable ivory of a Spanish flower bean—the head of Christ; exquisite in delicacy of detail, yet of marvelous strength and power. Ah!" and the stranger paused to sigh, "I



cobble stones then stopped with a jerk. Stockdale climbed out and with an order for the driver to wait he lifted a heavy iron knocker that crashed echoing through the silent, deserted street.

A little man, head as bald as that of an ancient, tonsured priest, stoop shouldered and bent, looked up at him with furtive eyes and with a quick recognition invited him to enter. Stockdale followed through the passage where long shadows flickered in silhouette against the yellow walls splashed here and there by a wizened light, whistling softly from a single gas jet. In front of him Rooney's bald head nodded as he shuffled along in the spasmodic highlights and shadows. At the far end of this corridor a door opened touching as it did so a bell which tinkled dismally in the distance. The gem connoisseur admitted his visitor, then carefully closed and bolted the door.

Rooney's show room permitted no sunlight except from one heavily barred window which looked out on a quadrangle where on all sides the buildings rose precipitously to efface completely every vestige of sky. A gas lamp, green shaded, hung low over the show-cases, a dull setting for the treasures that many a king would have viewed with wide, covetous eyes.

"Comeos this time, Rooney," Stockdale cast a quick glance around the shop, guarding his request with an indifferent tone—for Rooney could match wit or shrewdness with any buyer.

The connoisseur rubbed his hands with a quick, crackling movement, then silently opened a drawer and laid a tray of cameos on the show case counter in front of Stockdale.

Stockdale went through them carefully and called for another, then another, until twelve trays were in front of him.

"Something in a Christ's head," he said, attempting to belie his eagerness.

Rooney shook his head.

"Come on—look!" and Stockdale laid bills on the counter, ten thousand dollars.

Rooney's eyes sparkled. "Not for sale, Mr. Stockdale," he said, cautiously. "But I'll show you," and he fumbled at the knob of a tiny safe.

The blood rushed to Stockdale's head. His ears buzzed. He clenched his fist to control himself, for he felt that at last here was the trail—hot, keen—leading home.

Rooney's long fingers slowly unwrapped layers of tissue paper and then three folds of cotton. Reverently he laid the exquisite gem, most exquisite of all the sculptor's art, on Stockdale's outstretched palm.

As the jewelry salesman looked at it, a smothered cry involuntarily escaped his speech bereft lips. Stockdale had never heard of Del a Navia's tiny masterpiece, but withal needed no special knowledge to appreciate the fineness of this cameo, which proclaimed it a work of genius. He gazed at it lying there, as immaculate as spindrift. Never before had he seen either in painting or sculpture so convincing a portrayal of Christ—this little head, so Godlike and infinitely tender and appealing in its agony—such a truly spiritual quality in a work of art. He shut his eyes and breathed, "Del a Navia," and as the words whisperingly touched his lips he visioned a master sculptor who to carve so perfectly this cameo must have come through a life drenched with sorrow, and thus able to live over again his own thorny path and cut into that stricken face the soul of suffering.

"Del a Navia?" this time he whispered a question. Rooney nodded.

"Genuine?"

Rooney's face turned red, slowly he crossed himself. "Would I betray my Master—a Judas for thirty pieces of silver!" His words were quick and cutting. "It is a Del a Navia. They say there is one more like it—a duplicate,—but I doubt it."

Stockdale laid the cameo on the counter. He had not come there to argue. He had come to buy. No one ever had occasion to doubt Rooney's word. Once before Stockdale had proved suspicious and Rooney had refused to sell a priceless heirloom, and now an unexpected recrudescence of that former hostility so difficult to patch up seemed about to recur. Stockdale breathed softly.

"Everything has its price," he said with a smile—" \$15,000."

Rooney looked at him hard and cold. "Were it not for a pending note," he said harshly with a touch of irony, "I should never sell—\$16,000.00."

Stockdale shoved him the bills, filled in the balance on a check bearing William Black's signature and hurried out to the waiting taxi.

On Monday morning Stockdale accompanied by Black presented himself at Manzoni's suite. Flushed with the victory of his discovery he laid the cameo in front of Manzoni. The count slowly twisted the waxed ends of his mustache, then reached down and gently touched the treasure, his countenance aflame with avidity, in spite of himself.

"And your price?" he finally asked.

"\$20,000.00" Black answered.

"Manzoni unlocked a bureau drawer and handed him the entire amount in cash. "And now for the duplicate!" he exclaimed eagerly.

"Duplicate!" Stockdale and Black uttered the word in unison.

"Yes, while you searched I searched too. Some people say there is but one Del a Navia, but I know better. There are two—as like as two peas. A French lady owned both. She sold one. She keeps the other. If I find her first, I buy. If you find her you buy and sell me for a \$10,000 profit. Is it agreed?"

"It is agreed, Mr. Manzoni. We will do our best," Black answered.

On the way back Black laid out their campaign.

"Perhaps Rooney can help us," he suggested. "Then run a French and Spanish ad in every local paper for a week. Make it a display ad. Leave out the firm's name. Just use your own. But it is worse than a needle in a hay stack—what?"

"No," Stockdale retorted, "This thing started on Friday the thirteenth. I'll find Del a Navia's duplicate cameo," he laughed to emphasize his confidence.

Stockdale's premonition was as true as his word. On Thursday a long distance message from Evanston announced that a Madame Emilia Parini wished to consult him on cameos.

Stockdale with Black drove out in the latter's car to find Madame Parini established in one of Evanston's most expensive and properly appointed furnished apartment hotels.

Without rising from her chaise longue she greeted them in French while a slip of a girl came forward to announce.

"My aunt does not speak English. We are here but a short time while she recuperates from an operation. If it pleases you, I'll act as interpreter."

"Thank you," said Black, "I believe we will get along charmingly without assistance," and to Madame's surprise he immediately answered her *Bon jour* in Parisian.

To Stockdale, an irritated bystander who did not enjoy playing the dummy, it seemed that the fair Parisienne showed a slight trace of annoyance merely visible by an almost imperceptible narrowing of her eyelids as she gave a nervous flip of her cigarette, dropping ashes in a gold tray.

Black, apparently accepting an invitation to smoke from their hostess, handed a cigar to Stockdale and lighted one himself. As the conversation went on, it was some minutes before Stockdale caught the word cameo and then Madame softly spoke to her niece. The girl left the room, returning a moment later with a tiny package. She broke a seal, untied the cord and handed a small jewel case to Black. Stockdale held his breath. It seemed years before Black turned to him with a sharp, "Is it?"

Stockdale took the jewel case, arose and walked over to the window. For fully two minutes he stood motionless drinking in the poignant beauty of the minute carving. A sunbeam stole across its alabastine splendor,—the pure white, grief stricken face of Christ. Stockdale turned and handed it back to his companion. A word, almost a gasp, punctuated his move. "Identical," he said.

Black spoke to Madame Parini, whose eyes, large, beautiful and crowned with heavy lashes, never left his face. Inwardly Stockdale cursed himself for not understanding French as he strained his ears to catch one single familiar word. And then he heard—money speaks in many languages—"Fifty thousand dollars," and he tingled from head to foot.

Black stood up bowed gracefully as he handed the jewel case to Madame, spoke a few words and turned to go. In the corridor he hesitated a moment to place his cigar in an ash tray and clumsily knocked it over. Embarrassed he apologized and stooped to pick it up. The little girl laughed musically and with a cheery, "never mind," opened the door for their exit.

"Fifty thousand dollars!" he exclaimed, "What did you tell her?"

"I told her," said Black gently, "that such a price required a conference with my partners. I asked her to assure herself meanwhile of our standing. I said we would come back Saturday afternoon."

On Saturday morning Black suddenly announced an unexpected trip to New York. As he left he handed Stockdale a check. "Here," he said, "is fifty thousand dollars. If you are satisfied, see Manzoni and offer \$60,000. If he agrees, purchase, but deliver Monday. He may want to pay by check. If he does of course you will get it certified."

Stockdale followed Black's instructions without a mishap and Sunday gloated over his prize, not without a sense of exaltation in considering his personal commission in the transaction. He could hardly wait for Monday morning. Sunday night he dreamed queer dreams: Manzoni was a Houdini tumbling over Niagara Falls in a flimsy apple barrel.

At nine o'clock Stockdale drove directly to the Drake. He tripped lightly up the steps of the foyer, walking on air as he went. He gave his name to the telephone girl and asked for Silvio Manzoni. She tossed her blond flapper bob and flipped back a card index.

"He's gone," she announced.  
 "Oh—when will he be back?"  
 "I should know!" said the operator, audibly snapping her chewing gum, "Ask the clerk."

Stockdale was annoyed. He turned to the desk and inquired, "Do you know when Mr. Manzoni will be back?"

"Haven't the slightest idea. He checked out Saturday noon. Left no address."

"Checked out! Left no address!" Suddenly a portentous fear seized him. His hand shot into his vest pocket and touched the \$50,000 prize once so warm, now so cold. The dreams of the night before churned through his muddled brain, each scene gyrating before him in dizzy succession. Stunned for a moment he caught himself, then laughed harshly at his disbelief and asked for the house detective. Found, briefly he told him his story and his suspicion. But the house detective knew nothing, could find out nothing. Mr. Manzoni had left as quietly and unostentatiously as he had come.

Panic-stricken, Stockdale drove hurriedly to Evanston. He knocked gently on Madame Parini's door, then loudly and more loudly. He sought the janitor and together they entered the apartment. But the humming bird from Paris and her pretty niece had flown. The apartment record showed only that Madame Parini had rented her suite for two months and paid cash in advance.

Stockdale, sick at heart admitted his fear; he had bought back at \$50,000 the same cameo which but a week before he had sold for \$20,000. To the police captain he confided this desperate admission. And the captain smiled at him wearily.

"Clever," he said tersely, "but not so new as tricks go."

"Trace them," pleaded Stockdale. "Madame Parini is undoubtedly Manzoni's accomplice."

"And if we caught them for you, then what? You haven't the slightest case. You sold legally. You bought legally."

Completely crushed, his mind stunned

by this moral obfuscation of the business world, Stockdale went directly from headquarters to his own home. There was no sense in returning to business to face the other partners. Black would be back from New York by ten o'clock, and he telephoned Mrs. Black that he must see him at that hour.

Stockdale laid the cameo on the table in front of Black.

"Pretty isn't it?" he said huskily, "Got any prohibition whisky, Bill?"

Black shook his head. "Not a drop. Try this," and he handed him a cigar. "Yes, very pretty," he said, on examining the cameo deftly. "Didn't Manzoni want it?"

Stockdale shook his head.

"Didn't think he would." There was a sly grin on his face as he turned to his companion. "Why George, you acephalous idiot," he continued, smiling kindly, "Did you think for one minute that Manzoni or his confederate Parini could pull a bit of Machiavellian trickery like that on me?"

"But the \$50,000!" gasped Stockdale. "Oh, that—I arranged with Banker Brennon. It was a stop payment check."

"My God—" and Stockdale drew a handkerchief over his damp forehead.

"How did you suspect?" he blurted.

"I didn't until Manzoni asked for a duplicate. Once I told you 'reading maketh a full man.' A couple of years ago I read an article by a credit brother telling of a similar stunt with a rose pearl. I remembered that. In our business, George, a credit man must be all eyes, all ears, yes—all nose. At Manzoni's suite I dropped my pencil ostensibly to pick up a bit of crumpled scratch paper on the floor. One can never tell. It had a telephone number scribbled on it. I traced that. It proved to be Madame Parini's—clue number one. You recall I tipped over that ash tray at Madame's apartment?"

Stockdale nodded.

"I carried off with me, picked up when I collected the ruins off the floor, a cigar

rette stub. It was as I hoped; a distinctive South American brand. Manzoni also smoked that brand—clue number two. I believed he was hidden there listening to our conversation. At Rooney's I checked up also. Parini planted the cameo there as bait for us."

Stockdale flushed angrily. "Then why in heaven's name did you make me the addle-minded idiot for your quiet little joke?"

"Not so strong, George. Two reasons: First because I believe we'll catch our friends when they try to cash the check. Second, and principally, because next month, Esty retires. I become president and if agreeable you take my place. It's a shrewd game, George being a credit man in the jewelry business. How better could you learn a lesson than this, as bitter as it was."

In the distance a church bell struck twelve. On the mantle chimed echoed to the deeper intonation. Both men smoked in silence. The conference was over. George Stockdale rose to go.

"Christopher!" he exclaimed turning sharply, "but what are you going to do with that?"

"Oh, that," and Black picked up the cameo, held it before the light until it seemed to twinkle as a bit of precious purity in a wicked world. I'd give \$20,000 for it any day."

"But how can you? It's Manzoni's. Certainly the first time he bought it fair and square. Surely you wouldn't defraud even a crook?"

"No, George—not I. If he returns to the cell that awaits him, it may be the light that leads to repentance."

"If not—"

"Oh well, a bell hop at the Drake is mighty sweet on me. He tucked in Manzoni's suit case my personal check for \$20,000 and a note thanking him for Del a Navia's masterpiece. I have rather coveted it, George, these twenty years since first I saw it on a tramp trip to South America. There is no duplicate."

## We Can Help Each Other

(Continued from page 7)

A few days ago one of these chance inquiries came in. It so happened that we were interested in the account, and immediately wired their Credit Manager to make no shipments whatever and that letter would follow. A letter has already reached us showing that our prompt warning was greatly appreciated.

This contact was made at a National Convention through our becoming personally acquainted. We have been in closest touch with each other on a number of questionable accounts. This Credit Manager is not associated with a competitor, but such a manufacturer who is selling to the same class of trade that we are.

The National Convention also offers a wonderful opportunity of thrashing out various perplexing problems. This is accomplished through various Trade Group Conferences which meet throughout the Convention. In these conferences are discussed (a) the Unearned Discount Taker, (b) the ways and means the unscrupulous merchant has of obtaining merchandise and how to prevent him, and (c) the general improvement of the facilities for the better protection of credits.

The National Association of Credit Men is composed of men whose main object is that of safeguarding the inter-

ests of their own concerns and of business as a whole. Is it not true that any plan which effectively safeguards the finances of one company cannot help being, in one way or another, of benefit to business in general?

Because of the keen competition in certain lines, many manufacturers have deemed it necessary to take business at a slight margin above cost in order to obtain volume sales. But "volume sales" only make the red figures larger, unless they carry a proper proportion of profit.

Many of the bad debt losses today are suffered because the Credit Manager is willing to take a chance, won over by the foolish old argument advanced by some salesmen and even sales managers, "If we don't sell him, someone else will."

### Can't Know Him Intimately by Mail

Any merchant is liable at times to have a run of hard luck. Conditions may arise over which he has no control that cause his Accounts Receivable to be temporarily frozen; or it may be that, after building up a good sized inventory on a basis of past performances, he will run into a sales slump. The Credit Manager, when sensing a condition of this kind, can do much to relieve it. This condition is often first sensed through Trade Reports, where it is learned that the man who was once a discounter is

beginning to pay on a net basis, or in some cases ten, fifteen or twenty days slow.

If the Credit Manager's files reveal to him the names of several Credit Managers to whom he is known intimately, he can often arrange to bring about, readily and quietly, a betterment of the merchant's condition without causing him any embarrassment whatever. However, we cannot know and become intimate with the other Credit Managers in a case just through general correspondence. We must meet with them and learn just what their policies are in the handling of the delinquent or unscrupulous debtor. This takes time; but increases profit and that, after all, is the goal of business.

To him who takes the attitude, "I haven't the time," let me say that the Credit Manager who will take the time to attend our National Convention will find that he has materially increased his knowledge, and will have convinced himself as a Credit Executive that, "No man can live unto himself alone."

### Permanent Customers

"THE Credit Manager is the man who makes permanent customers for the company," remarked W. R. Stevens of the Hercules Powder Co., Wilmington, on the occasion of his latest visit to the CREDIT MONTHLY office.



## Insurance As Credit Collateral

(Continued from page 8)

forced either to start all over again or go into bankruptcy. In cities such as Chicago the store burglar is a very real credit hazard, and this applies especially to the small merchant with an easily transportable stock of valuables.

The contents of mercantile safes also may be insured against burglars, and this is important especially when the merchant is in a district with poor police protection or is so far from a bank that he finds it difficult to make deposits regularly. There have been many severe losses in rural districts due to the rifling of store safes.

Robbery insurance is a similar line. One kind protects the store owner against an "inside" hold-up, and another protects messengers, paymasters and other custodians of valuables from the hold-up man outside of the place of his employment.

Plate glass may be insured against damage from any cause except fire, the fire damage being covered by fire insurance policies. This, however, while an interesting line, is of little moment from the standpoint of credit.

Steam boiler, explosion, fly wheel, engine breakage and electrical insurance are however, often important. Tremendous losses have occurred as a result of explosions and the break down of machinery is often followed by financial disaster.

### Fidelity and Surety Bonds

Fidelity and surety bonds are almost a separate line of insurance and often are written by companies which make of them an exclusive specialty. Most of the casualty companies, however, also write these lines.

Fidelity insurance has often been called honesty insurance. Under the terms of a fidelity bond the company protects the assured against losses sustained through the dishonesty of persons holding positions of trust. The surety bond on the other hand is in the form of a guarantee of the performance of certain specified duties, obligations or contracts on the part of the person or persons bonded.

It ought to be quite obvious that serious losses and even bankruptcy may be occasioned by the neglect of an employer to provide himself with insurance against the possible dishonesty of employees entrusted with the handling of money. The records are full of instances where merchants, some even of considerable means, have been forced out of business because some trusted clerk defaulted. I have in mind in this connection a prosperous and well-known meat packing plant in a mid-western city which suffered the loss of more than \$1,000,000 through the speculations over a period of years of its cashier who was bonded for only \$10,000. This plant as a result was taken over by a creditors' committee and operated for nearly two years in that manner before it regained credit strength enough so it could be turned back to its original owners.

Surety bonds amount in effect to the surety endorsing the applicant's note. They are loans of credit and as such resemble loans of money. In practically every building and construction operation of any size the contractor is required to give a bond which will assure the completion of the work in accordance with

the terms of the contract. There are also court bonds, all sorts of bonds covering public officials, depository bonds, fiduciary bonds and the like.

Before corporate surety bonds became the fashion, practically all bonds bore the indorsement or guarantee of individuals who signed generally as a favor to some friend. Many of these personal bondsmen did not realize the heavy obligations which they assumed and they often came to grief because of their act. Credit men ought to make it a rule to inquire whether the person desiring credit is on a personal bond, because if so, he is subject to an unknown and undetermined liability which may sometime overwhelm him. There is no occasion today for any individual signing another's bond because there are plenty of safe and sound surety companies organized for performing this service at a moderate fee.

These observations on the institution of insurance and this showing of its relationship to the credit structure of the nation of necessity have had to be very general in their nature. It is impossible to present even a preface to an insurance text book within my time limitations.

### Insurance and Credit Both Anticipate the Future

I might have touched on many other forms of insurance which are important from the viewpoint of credit and which all help in making insurance the economic collateral of modern business. In this general connection let me, however, impress on you the fact that both insurance and credit anticipate the future. Insurance gives certainty to the future: credit permits the capitalization of that certainty. Credit is extended in the assumption that the borrower's property and his future earnings will be ample to pay his debts; insurance protects the lender against a variety of future contingencies which might adversely affect the earnings of the borrower or reduce his assets below the safety level.

The things which may happen to a debtor to prevent him from meeting his obligations are almost without number. Hardly any transaction involving credit is risk free. A credit executive cannot of course protect himself against all future contingencies. Some of these indeed are so remote as to make protection inexpedient or unnecessary. Many risks do not justify the outlay required to guard against them. It would be silly for a rural storekeeper to take out riot and civil commotion insurance to protect his stock from destruction, but the storekeeper in a disturbed industrial community might well be justified in obtaining such protection.

All risks in the business world cannot be avoided by insurance. Some are not indemnifiable because of their uncertainty. Some are unavoidable. Others may be mitigated in a variety of ways. The institution of insurance, however, is making rapid strides in developing new methods of risk bearing, all of which have the effect of making the commercial structure more secure. Schemes for the reduction of risks to a minimum by the simple process of a wide distribution of their incidence are being invented nearly every day and their general acceptance indicates that they are meeting a real need. There really is nothing more certain than the result of massed uncertainties. Give the law of averages, upon which insurance is based, sufficient el-

bow room and it will solve most of these problems.

The executive who has to do with the granting or denying of credit is of course interested in any worth-while plan of reducing risks. By training and experience he is able to appraise the personal element involved in any ordinary transaction, but he cannot predict a disastrous fire or the occurrence of accidents. Even though his judgment as to the character and ability of the debtor, trade conditions, prices and the like is fortified by most accurate information, yet he cannot be sure of his ground unless some protection is afforded against those dangers which, although classified as unforeseen, become real with reasonable regularity.

There is one other feature which the credit executive should consider and that has to do with the solvency of the insurance companies or organizations which have underwritten the risks in which he is interested. There can be no real insurance unless the risks of uncertainty are negligible. The insurance underwriter which takes chances it is not prepared to meet in the case of disaster is a gambling institution, and the buyer who patronizes such an organization is generally also gambling. *Substituting one risk for another does not eliminate risk.*

### Quality, Quantity and Price

The three chief considerations which the purchaser of casualty or fire insurance should take into account in the order of their importance, are: Quality, Quantity, Price.

Quality may be defined as the solvency of the underwriter, including its ability and willingness to pay just claims promptly, its probable continued ability to pay losses the settlement of which may be long deferred, and the service it is prepared to furnish.

Quantity includes the terms of the contract offered, its conditions, the amount of liability assumed by the insurer and the reciprocal obligations of insurer and assured.

Price embraces the rate and total policy premium paid for the protection offered.

It unfortunately is true that these three factors are only too often considered by the insurance purchaser in the inverse order of their importance. Astute business men sometimes look at price first and even last, and relegate quality and quantity, service and security solvency and sufficiency to a comparatively minor position.

Cheap insurance may be obtained with the same ease as cheap shoes, but it is never any better than the price paid for it, and often is expensive at any price.

It must be remembered that insurance is not an ordinary commodity. With the manufacturer of cloth or hardware, responsibility ceases after the sale, except in so far as he may be called upon to replace defective merchandise. In the case of insurance the thing actually sold is the responsibility itself. And any insurance underwriter which is not backed by sufficient capital and reserves to meet all situations, any insurance underwriter which gambles with the law of averages and any insurance underwriter which substitutes price cuts for service skimping should be looked upon with suspicion. Especially in those lines involving long deferred liabilities, the credit man should be exacting in seeing to it that the policies are written by insurance carriers which will surely be going and prosperous concerns ten years hence.



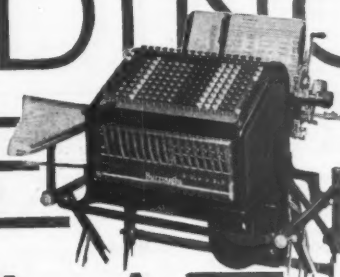
MAY, 1926

# Burroughs

## MACHINES FOR THE FOUR FUNDAMENTAL BUSINESS PROBLEMS



### ADDING



### BOOKKEEPING



### CALCULATING



### BILLING

The completeness of the Burroughs line is one reason why over a million Burroughs machines are in use today. There are over 120 styles and sizes, ranging from those for the general work of the small retailer to the specialized application of the large institution. Each Burroughs machine is backed by Burroughs nation-wide mechanical service.

BURROUGHS ADDING MACHINE COMPANY, 6194 Second Boulevard, Detroit, Michigan

ADDING · BOOKKEEPING · CALCULATING AND BILLING MACHINES

# Selling a Taxi in New York

## A Credit Transaction Where Character Is All Important

An Interview by Arthur McKenzie with

**F. J. Filla**

Credit Manager, N. Y. Yellow Cab Co. Sales Agency, Inc., a part of the Yellow Truck & Coach Mfg. Co., Subsidiary of the General Motors Corporation

I HAD arrived from the country. It was 12:45 A.M. and door knobs were melting in the mid-summer heat. Before me rose the breath-destroying slope of the hill. On the pavement were my guitar, my handbag, some jellies in a tin box, which must be held upright, and a basket containing two kittens. With the help of sympathetic strangers, porters and trainmen, I had changed trains once, ferried, ridden on street cars and the elevated and had finally arrived at the last lap of my journey—ten blocks of hill. I knew that I could never walk the additional distance. The cruising Yellow cab that chanced into sight at that minute was a welcome sight.

Expecting to be treated with surly contempt because I was a short haul, I was the amazed recipient of more than courtesy. My driver, a weather-beaten old soul, assumed a fatherly interest in myself, my kittens and my jellies. He drove carefully. He helped me up four long flights of stairs with my things—and thanked me heartily for a modest tip. Truly, a Sir Galahad of taxi drivers.

This incident, trivial in itself, started me thinking about the taxicab business in general. First of all, it led me to question whether taxi-drivers as a class, were as vicious as they were supposed to be. If so, how would their credit stand up? A man whose moral standing is low, is not usually a good credit risk, since disregard for ethics along any line presupposes equal indifference along other lines.

The first fruit of my investigation was the discovery that something like 95 per cent of the cabs in the United States were manufactured by the Yellow Truck & Coach Manufacturing Company (formerly the Yellow Cab Company) of Chicago. This seemed unusual. So when I approached F. J. Filla, Credit Manager of the New York Yellow Cab Company, a corporation handling the New York territory, my first question was,

"How is it, Mr. Filla, that you folks have almost a monopoly on taxicab production?"

"That," he said with a smile, "is almost the first question asked us by anyone new to the industry. Let me answer it with another question. Do you know the doctrine of J. H. Tregoe, Executive Manager of the National Association of Credit Men, about credit exhaustion?"

"The goods," I replied, "should not be consumed before the credit is exhausted."

"Exactly. Well, that's one of the biggest reasons for the success of the Yellow Cab."

Mr. Filla went on to explain certain features of the taxicab industry. The man about to purchase a taxicab is interested in how much revenue he can make; how economically he can operate



F. J. FILLA

his cab, where he can service his cab, where he can secure parts. These

thoughts lead the prospective buyer to consider what experience the manufacturer has had in making cabs and the kind of organization with which he is going to have financial dealings in paying for his cab, etc.

"You must bear in mind," Mr. Filla continued, "that the cab will be the only tool the buyer has with which to make a living. He will have to be careful with it. He must have something that stands up, that is almost unbreakable."

Repeated tests prove the Yellow to be the lowest cost per mile revenue producing vehicle, and it is said to be the only cab that stands up for years beyond the deferred payment period. In New York City, alone, the Yellow Cab sales agency has two service stations and a department carrying in stock more than \$300,000 worth of parts. Financing is done through the Yellow Cab Acceptance

FOR THE PURPOSE OF INDUCING THE NEW YORK YELLOW CAB CO. SALES AGENCY, INC. TO MAKE THE SALE REFERRED TO ON THE ANNEXED ORDER THE PURCHASER NAMED THEREIN DOES HEREBY MAKE THE FOLLOWING REPRESENTATIONS TO THE SAID NEW YORK YELLOW CAB CO. SALES AGENCY, INC. WITH THE UNDERSTANDING AND INTENTION THAT THE SAME SHALL BE CONSIDERED MATERIAL AND BE RELIED UPON AS TRUE AND COMPLETE

WRITE PLAINLY and ANSWER ALL QUESTIONS

Name .....	Last	First	Middle	Age .....
Are you married?—Yes .....	No .....	How Many Children Have You? .....		
Home Phone No .....				
Home Address .....	Street or Avenue	City or Town	State	
How Long Have You Lived at Above Address?—Years .....	Months .....			
If at the Above Address Less Than Two Years Give Previous Address .....				
What Branch of the Motor Vehicle Operating Business have you been in? .....				
For how long? .....				
How Many Cars Are You Operating at Present? .....	State Manufacturer's Name and Year Manufactured .....			
What Has Been Your Average Monthly Business Income for the Past Year? .....				
Do you Owe Any Debts? If So, to Whom and Amount of Same? .....				
Are There Any Judgments Outstanding Against You? If So, Give All Information in Reference to Same .....				
Have You Ever Been Sued for a Debt? If So, Give All Information in Reference to Same .....				
All Information in Reference to Your Present or Last Employment .....				
Whom Do You Buy Your Tires and Supplies From .....	Name .....			
Address .....	Phone Number .....			
Do You Own the House You Live In?—Yes .....	No .....	Give Location .....		
Do You Own Any Other Real Estate?—Yes .....	No .....	Give Location .....		
In What Garage Have You Been Storing .....	Name .....	Address .....	Phone No. ....	
What Bank Do You Do Business With—Checking or Saving .....	Name .....	Branch .....	Address .....	Phone Number .....
Did You Ever Buy Anything on Notes or Deferred Payments .....				
Name of Company Selling Goods .....	Address .....		Phone Number .....	
Name of Company That Financed Deal .....	Account No. ....	Address .....	Phone No. ....	
1st Reference .....	PLEASE DO NOT WRITE IN THIS SPACE			
Name .....	Address .....	Phone Number .....		
2nd Reference .....	PLEASE DO NOT WRITE IN THIS SPACE			
Name .....	Address .....	Phone Number .....		
PLEASE DO NOT WRITE IN THIS SPACE				
Purchaser				

FIG. 1. CREDIT STATEMENT. FILLED IN AND SIGNED BY THE PURCHASER OF A YELLOW TAXICAB. (Actual size 8½ x 11 in.)

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LOW



"My guitar, my handbag, some jellies . . . and a basket containing two kittens."

Corporation of Chicago. These facts give the prospective buyer a feeling of confidence.

As Mr. Filla put it, "He feels assured that, from the time he takes delivery of the cab to the time an unconditional bill of sale is delivered to him, he is dealing with the same reliable organization."

As I talked with Mr. Filla I sensed one other reason that has made this organization a success. At least five cab drivers, in the office on other business, took a minute to come over to Mr. Filla's desk and say 'hello.' He answered every one by name. The same open-door spirit seemed to prevail with the other executives.

Mr. Filla explained the agency's credit system as follows:

"When a man purchases a cab from the agency, he fills in, at the time of the signing of the order a CREDIT STATEMENT (Fig. 1) with punch holes at the left to facilitate filing in a binder. The statement is attached to the order. If the Sales Manager approves of the order it is passed on, together with the Credit Statement, to the Credit Department for investigation. This work is carried out by trained credit investigators and a report made on a CREDIT REPORT form (Fig. 2)

This report, with the Order and Credit Statement is then submitted to the Credit Manager for his final approval or disapproval. If the credit responsibility of the prospective customer is approved, the Sales Department then notifies the customer when to call for delivery. At that time the agency obtains either a Chattel Mortgage or Conditional Sales Contract (Form 3) to secure the unpaid balance

of the purchase price, the payment of which is spread over a varying period according to its amount. These security instruments are prepared by the Mortgage Department, which is under my jurisdiction and supervision as Credit Manager."

### Conditional Sales Contract

The undersigned seller hereby sells, and the undersigned buyer hereby buys, subject to the terms and conditions hereinafter set forth, the following goods (manufactured or assembled by Yellow Cab Manufacturing Co., a corporation), complete with standard attachments and equipment, delivery and acceptance of which is hereby acknowledged by purchaser, viz.:

[There is space here for the Model Number, Motor Number, and Chassis Number of one or more cabs.]

together with extra equipment as follows:

for the total price of

(\$ ) Dollars payable as follows:

Name	Age
Address	Married
Garage Address	Single
Bank and Address	
Environment	
Character and Habits	
Business	
Income	
Personal Property	
Credit Standing in Community	
Bank Reference	
Garage Information	
License Bureau Information	
Summary	
Assigned to	

Fig. 2. CREDIT REPORT FORM  
(Actual size, 8½ x 13 in.)

Cash on or before delivery \$

Allowance of .....\$

for  
Deferred Balance of .....\$  
payable as shown in the schedule of payments herein contained, at the office of the seller, 614 West 131st Street, City of New York, State of New York, or at such other address as may be last designated in writing by the seller, with interest on all amounts not paid when due at the rate of 6% per annum until paid, and if this contract be placed with an attorney for collection, then, unless the same be in violation of any statute of the State of New York relating to usury or otherwise, an additional sum shall be paid by the buyer as attorney's fees, equal to fifteen per cent of the amount at such time due hereunder, or if such amount is in violation of any such statute, then as large an amount, if any, as shall not be in violation of any such statute.

[Two long columns are provided for the schedule of payments, giving plenty of space. The column heads are "Payments," "Due Date of Payment," "Balance When Payment Made." This eliminates the necessity for a note, and furnishes the customer and the agency with information as to what is owed at any given time. This information is followed by the following terms of sale:]

(1) The title to said goods shall not pass to the buyer until all amounts provided by this contract to be paid have been fully paid in cash and the buyer has fully kept and performed all the terms, conditions and covenants herein provided by the buyer to be kept or performed. Upon said payments having been made at the respective times and in the manner in this contract provided, and upon the prompt performance by the buyer of all the terms, provisions, covenants and conditions in this contract contained on the part of the buyer to be kept or performed, the seller, upon written demand, will execute, acknowledge and deliver to the buyer a statement that the condition in this contract has been performed.

(2) This contract may be assigned by the seller from time to time, and the legal holder of this contract from time to time shall be entitled to all of the rights of the seller hereunder. No waiver of extension of any pay-

(Continued on page 32)



# Convention City in 1927?

## Duluth

**J. T. DOLAN**, president of the Duluth Superior Association of Credit Men, signs the following invitation:

Fourteen fleeting years have passed since this great Northwest has had the pleasure and the honor of entertaining you as its guests in attendance at the Convention of the National Association of Credit Men. At that time, Minneapolis was the honored city and association.

The Duluth Superior Association of Credit Men extend to you a most hearty and cordial invitation to hold the annual convention for 1927 at the head of the Great Lakes, and at the gateway of the great and widely-known arrowhead country bounding us on the North, which is resplendent in its natural and rugged beauty. The facilities are ample for both hotel and transportation, accommodations to insure a pleasant trip with all the comforts that can be expected in travel.

Duluth and Superior have many natural attractions which go to make it an ideal site for a convention. Situated as we are at the head of the Great Lakes, which will permit transportation by passenger steamer from the lower lake ports of delegates on a trip which will be restful and at the same time enjoyable. Having in this great arrowhead country nature's rugged beauty and our great iron ore district to the north of us, in which district are the largest iron ore mines in the world all easily accessible by wonderful roads coupled with our wonderful summer climate, which is cool and delightful, leads us to believe that delegates to this convention will welcome an opportunity to visit this great arrowhead country of Minnesota and be with us for a week at least.

While you were sweltering at the Convention in Washington last year we were enjoying a temperature of from sixty to seventy degrees—cool yet delightful and refreshing.

Although in years past you have traveled east and south to many historic and interesting spots, and have traveled to the great far west and viewed its beauty from the rugged mountain tops and its valleys extending to the ocean, you have not seen America, however, without having visited at the head of the lakes and taken in its natural and attractive scenery and at the same time enjoyed its wonderful cool climate with an absence of dust and heat that means so much to the tired business man who has been individual delegates and members who

Our arms are extended to the east, south and west. We invite you. We wait to greet you and will feel greatly honored if we may have the privilege of entertaining this great convention and its many individual delegates and numbers who we hope will come.

"Out where the hand clasp's a little stronger,  
Out where the smile dwells a little longer,  
That's where the west begins.

Out where the sun is a little brighter,  
Where the snows that fall are a trifle whiter,  
Where the bonds of home are a wee bit tighter,  
That's where the west begins.

Out where the world is in the making,  
Where fewer hearts in despair are aching,  
That's where the West begins.

Where there's more of singing and less of sighing,  
Where there's more of giving and less of buying,  
And a man makes friends without half trying,  
That's where the west begins.

## Louisville

**FRED W. EDWARDS**, president of the Louisville Credit Men's Association, and **J. H. Scales**, chairman of the 1927 Louisville Convention Committee, which is already organized, have signed the following invitation to the National Association of Credit Men:

It is with the greatest pleasure that we officially extend an invitation to all members of the National Association of Credit Men to hold the 1927 Convention in Louisville. In addition to the opportunity it will offer the Louisville Credit Men's Association to act as host to this great organization, a few of the reasons why the convention should meet in Louisville are:

First, Louisville is centrally and conveniently located. It has ample railroad facilities and is accessible to three-fourths of the local Credit Men's Associations in twenty-four hours' time or less.

Second, the facilities for entertaining are ample. Louisville has eight modern fire-proof hotels, conveniently located with sufficient rooming capacity to afford comfortable accommodations for all delegates and visitors. A convention hall with ample capacity for all meetings is conveniently located and will be available.

Third, Louisville's parks and surrounding territory offer splendid opportunity for diversion and recreation during the Convention. There are, besides, many points of interest near Louisville, such as Lincoln's Birthplace; "Federal Hill", at Bardstown, where Stephen Collins Foster wrote "My Old Kentucky Home"; Mammoth Cave; Dix River Dam, one of the largest hydro-electric power plants in the eastern part of the United States; and nearby the wonderful scenery of the Kentucky River;—all accessible by rail or motor,—that will offer attractive side trips.

Fourth, and most important. It will be the twenty-fifth anniversary of the election of our beloved Executive Manager, **J. H. Tregoe**, to the presidency of the National Association of Credit Men, which occurred at the convention in Louisville in 1902. We believe this fact alone will give all members a desire to meet in Louisville for the purpose of honoring Mr. Tregoe, and to join with us in celebrating the Silver Anniversary of this event.

Fifth, We want the Convention and this invitation is extended not only on behalf of our Local Association but by our leading City Officials, and by our business and professional organizations. It includes also the whole State of Kentucky, of which it has been said that although

"Not the oldest nor yet the youngest State; not the richest nor yet the poorest; not the largest nor yet the least; but take it all and all, for men and women, for flocks and herds, for fields and skies, for happy homes and loving hearts, it is the best place outside of Heaven the good Lord ever made."

## Seattle

**ALLAN P. HULL**, President, and **J. A. Taylor**, Convention Committee Chairman, of the Seattle Association of Credit Men sign the following:

Seattle members of the N. A. C. M. are actively pressing their invitation for the Association to hold its 1927 national gathering in Seattle and the Pacific Northwest, and the invitation is supported by the entire Pacific Coast group. One reason for this is that the majority of people who visit one city on the Pacific Coast have their tickets routed so that either going or returning they see all of the Coast from San Diego to Seattle.

Seattle, a city of 400,000 people, gateway to the Orient and Alaska, and the third largest city west of the Mississippi, is the metropolis of the Pacific Northwest Empire, tremendously rich in the resources of timber, fishing, agriculture, horticulture, minerals, and water power. Seattle is also an interesting city from a commercial and industrial standpoint, as it is one of the fastest growing industrial centers of western America. Enroute to Seattle, through the Pacific Northwest, the traveler traverses a region whose resources have only been scratched. It is an attractive trip westward and the traveler has a new vision of American initiative when he sees the Empire of the Pacific Northwest.

In Seattle the average summer temperature is 64 degrees and a noon-day maximum of 75 is unusual, and no case of sun-stroke has ever been recorded in Seattle. People sleep under blankets every summer night.

Seattle is the center of the scenic Puget Sound country, famous for its mountains, lakes and forests. Nearby are international attractions, like Mount Rainier, Mount Baker, the famous Monte Cristo Alpine district, Lakes Crescent and Chelan, and the Olympic Peninsula wonderland. Seattle is but a few hours journey from the hospitable, interesting cities of Victoria and Vancouver, B. C., and from Spokane, Tacoma and Bellingham, in Washington, and Portland, in Oregon.

For a nominal expense, say \$125, a convention delegate can pay all transportation and hotel bills to divide up ten days at Rainier National Park, Lake Crescent, Lake Kaches, Monte Cristo, Victoria and Vancouver, and for a cruise of the San Juan Islands, and other attractions as famous as any Europe boasts of, due to the fact that Seattle is in the heart of this remarkable wonderland.

Seattle itself is an interesting city, having grown from 21 souls to 400,000 people within the lifetime of people now living in Seattle. It ranks second to New York in the number of people entering the United States through ports and third to New York and Boston in the value of foreign imports. It is at Seattle that one feels the romance of commerce with the Orient and Alaska. Seattle is the metropolis of the Pacific Northwest, a great empire in itself, and a progressive, developing section which all Americans should know and appreciate.



THE FLAG OF THE CITY OF NEW YORK

Officially adopted under Mayor Mitchel, bears many reminders of early history. The colors, orange and indigo (here represented by black), are those of the Dutch flag that first floated over the city in 1626. The features of the seal are English and Dutch in origin; the eagle and Indian are distinctively American.

## New York N. A. C. M. Convention City

PRE-CONVENTION registrations indicate that the Thirty-First Annual Convention of the National Association of Credit Men, to be held in New York City, May 24 to 28, will surpass any previous convention of credit managers.

As usual, the program is a business one and will furnish the delegate with inspiration and information for the year to come. The Convention sessions will be addressed by an array of authoritative and interesting speakers on business and Economics. The opportunities for establishing and re-establishing personal contacts with other executives in the credit field have never been surpassed. Incidentally the city which is acting as host for this

Convention has made every preparation to hang up a record for hospitality.

On Sunday, May 23, at 4 p.m., the day before the opening of the Convention, special services will be held for the delegates at the Cathedral of St. John the Divine. Addresses will be made by Bishop William T. Manning and the Hon. George W. Wickersham.

The Convention entertainment features, although subordinate to the business features, will include a trip up the Hudson to one of the shrines of all Americans, namely, the United States Military Academy at West Point.



Eastman Kodak Co.

WASHINGTON ARCH

At the foot of Fifth Avenue, Washington Square. Designed a generation ago, by Stanford White



N. Y. Edison Co.

MANHATTAN BRIDGE

View from the Bowery, showing the Manhattan approach to one of the great bridges joining the Island with Brooklyn



York & Sawyer, Architects

#### FEDERAL RESERVE BANK, NEW YORK

An expert in bank construction has said that, considering its purpose and requirements, the Federal Reserve Bank building in New York is one of the most economically built banking houses in the United States. When the move was made from the old quarters to the present building it was found that, after allowing for the added cost of operating this great building, a net saving of about one hundred thousand dollars a year had been effected by means of the more economical conduct of the bank's business which, with modern mechanical devices, the new building was specially designed to effect.

## AN AMENDMENT

### to be introduced at the N. A. C. M. Convention

IN accordance with a declaration adopted by the 30th National Convention of the National Association of Credit Men, at Washington, the following amendments to the Constitution and By-Laws of the National Association of Credit Men, have been proposed and will be presented for approval and adoption at the 31st National Convention in New York City in May, 1926:

Be it provided that Article VI of the Constitution, as it now reads, be stricken out and the following substitution made:

#### Article VI

Sec. 1. The Fiscal Year of the National Association of Credit Men shall begin May 1.

Sec. 2. An Annual Convention of the National Association of Credit Men shall be held within a period of sixty days following the close of the Association's fiscal year. The exact time and the place of holding it shall be fixed by the Board of Directors.

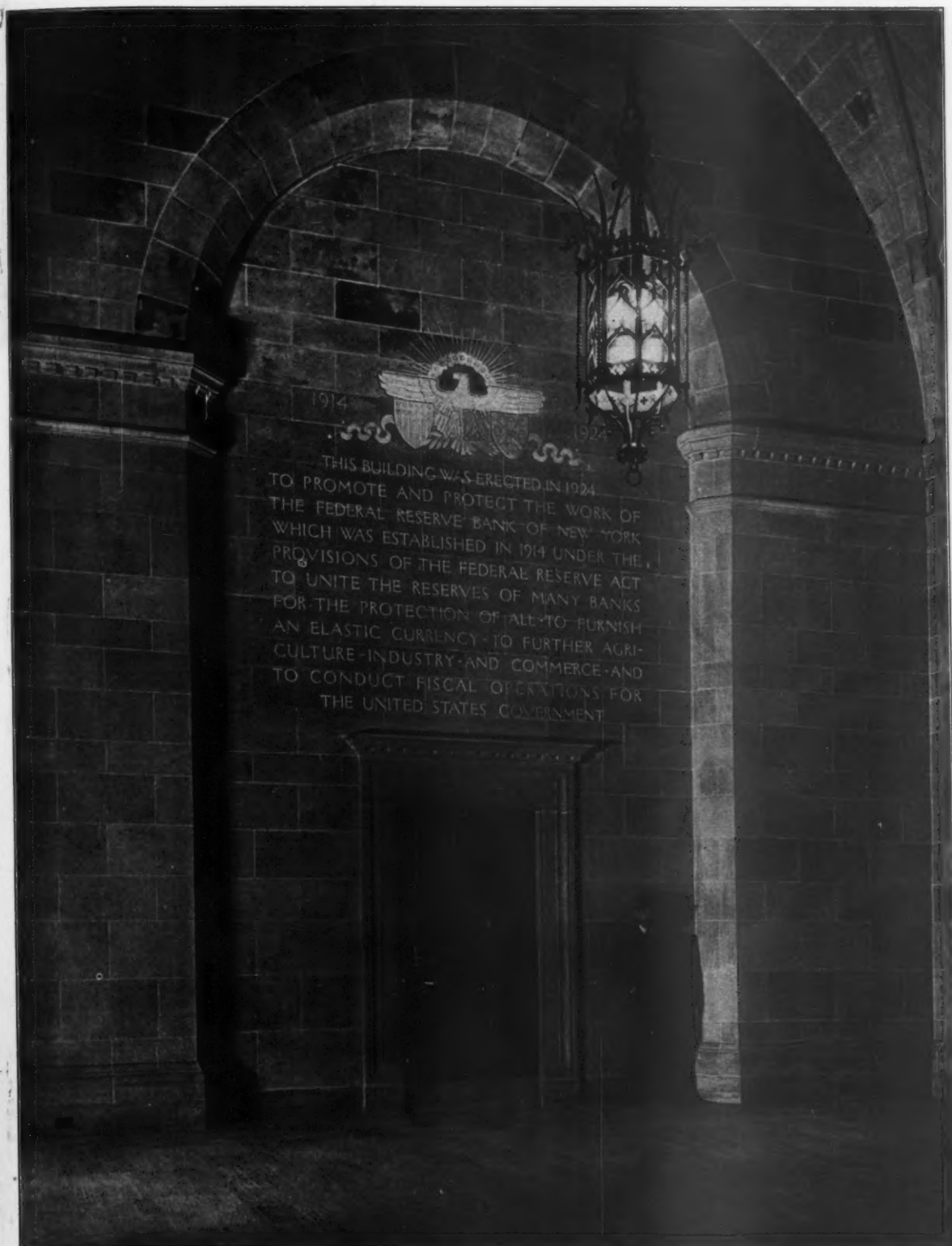
#### "BROAD AND WALL"

At the centre of the money centre of the world, Old Trinity Church, at Broadway and Wall, sounds a peaceful note in the mingled noise and rush of "the Street." To the left is J. P. Morgan & Co. at Broad and Wall Streets; next is a corner of the New York Stock Exchange; across Wall is the Bankers Trust Company; and at the extreme right is the U. S. Sub-Treasury.

N. Y. Edison Co.







York & Sawyer, architects.

#### THE PURPOSE OF THE FEDERAL RESERVE SYSTEM

*Arrangements have been made for groups of delegates to the 1926 N. A. C. M. Convention to visit the Federal Reserve Bank of New York. They will find a remarkable banking institution and will read the inscription shown above, which so well expresses the pervading service rendered by the Federal Reserve System.*



*Merchants Association of N. Y.*

#### ARRIVING FROM THE WEST

*The visitor, if he crosses the Hudson (North) River by ferry, gets this view of the New York sky-line. From left to right, the larger structures are the Municipal, the Woolworth, the Park Row, the American Telegraph & Telephone, the Singer, the Equitable, the Bankers Trust Company, the Empire and the Whitehall Buildings.*



*N. Y. Edison Co.*

#### FRANKLIN SQUARE

*The lower city, viewed from the footpath of Brooklyn Bridge. In the foreground, the old stand of the veteran publishing house of Harper; against the evening sky, the pyramid tower of the Bankers Trust Company, the Equitable Building and the Singer Building.*

# SAN FRANCISCO ... APRIL ... 1906



*just* 20 years ago

Conflagration reduced San Francisco to a mass of charred and smoking ruins.

Destruction of your business in a similar disaster seems remote — is perhaps impossible—but more imminent hazards may threaten. Whether your plant is destroyed in a conflagration or by fire from some other cause, the loss is just as great.

To aid you in discovering poten-

tial fire hazards and in achieving a maximum of efficiency in your fire prevention program, these companies maintain a staff of Fire Prevention Engineers. Their services are free to our clients, and often, where their recommendations are carried out, the result is a lower insurance rate.

For full particulars communicate with our local agent in your town or write us direct.

**AMERICAN EAGLE**  
*The CONTINENTAL*

**FIDELITY-PHENIX**  
**FIRST AMERICAN**

**FIRE INSURANCE COMPANIES**

*Eighty Maiden Lane, New York, N.Y.*

ERNEST STURM, CHAIRMAN OF THE BOARD.

PAUL L. HAID, PRESIDENT.

*The "America Fore" Group of Fire Insurance Companies*



# The Credoscope

*J. H. Tregear*



## Direct Selling

Many instances are occurring nowadays where producers of certain commodities offer them direct to consumers by house-to-house selling. Mere youths seem to be preferred for this kind of selling. They give their spare hours and are compensated with a liberal commission.

Is this direct method of selling an economy? Is it a proper substitute for the retail merchant, who is supposed to provide for the needs of his community? To me, this direct form of selling is not efficient merchandising, but has been encouraged by the failure in so many instances of retail merchants to offer their commodities in an attractive way.

We are undoubtedly deficient in merchandising sense, and I place the responsibility largely upon the industry or the wholesalers, who have thought more of their own sales than the satisfaction of consumers.

Displacing the retail merchant by the boy salesman is not a wise economy. It is not a sales method that will guarantee the permanency of any commodity.

Oftentimes we have stressed, in our appeals to business men, and especially to Credit Managers, the need of a service department, which will be concerned with the building up of the merchandising ability of the retail merchant. We are paying a great deal for our failure to watch this end of the business game, and we should repair the defect by giving immediate attention to efficient merchandising as it is related to the satisfaction of consumers' wants.

Volume built up by the addition of new customers rather than the ex-

tension of the purchasing powers of the old customers does not reflect credit upon the educational service of the distributing house.

Innovations creep in very frequently in times like the present. We must weigh each according to its merits, and it is my judgment that the method of direct selling as practiced in many instances is not efficient merchandising, nor does it prove an economy to the consumer.

## The Standard of Living

It seems to be customary with economists to measure the standards of living in terms of money income. The steps from poverty to necessities, to comforts and to luxuries seem to be controlled more, in the minds of economists, by purchasing power rather than the manner in which purchasing power is exercised.

I recall clearly during my mission experiences finding many families living in distressing conditions when their money income was sufficient to put them on a higher standard. We found, on the other hand, many families living in a garish way and with no fundamental wholesomeness whose money income was either insufficient, or had come so rapidly that they had yielded to the urge of aping the rich.

It is my opinion that true standards of living should be measured, not by money income, or what some economists call the "power of purchasing consumer goods,"—but by ideals which teach above all things how money income should be used. It is not difficult to find homes where good manners prevail, where the proper ideals exist and where a small income is so judiciously expended that standards measured merely by purchasing power suffer by comparison.

With this conviction I contest strongly the statement recently appearing that the instalment plan of

selling tends to raise the standards of living. If there is one ideal above every other that makes for good living standards and for wholesome living, it is honesty. To be known as a nation of debt payers is a reputation beyond which nothing could be more desirable for this country. Therefore, merely to have the privilege of satisfying a desire for comforts or luxuries, and depending upon earned income with which to satisfy the debt, calls for an ideal that will inhibit a natural tendency to extravagance when we save to buy, rather than buy to save.

It is hard to discuss the deferred payment plan on a basis of proved facts. Many a person might be set wrong by yielding to the inducement to exercise a purchasing power that has not yet been earned, believing that it will improve his standard of living.

Credit is such a delicate medium and must be used with such judiciousness and such punctilious care that any theory tending to controvert its laws and to give credit an ease which it does not naturally enjoy is hurtful to our economy and in the long run disastrous to true standards of living.

When talking on this subject we must not overlook that the carrying charges of four and a half billion of instalment credits is not less than six dollars per capita annually. This sum is taken from the purchasing power of the nation, diverted from the buying of necessities and comforts and is consumed merely as a carrying charge for the privilege of buying commodities out of unearned income.

In our attitude towards this subject, we are merely attempting to keep the nation's production ambition in proper control. The future must not be jeopardized by overcrowding consumers beyond their ability to buy. The abuse of any good thing is wrongful; and where credit is concerned abuses are so easy to occur that we must ever be on our guard.

## Management

In this period of profit economy, we naturally wonder why industries and enterprises in the same field and apparently with the same facilities fail to make equal profits.

No recent year's development in variances in our profit-making has compared with 1921. Income tax reports reveal that a large number of industries made no profit that year and the aggregate losses of the majority was about four billion dollars; the total profits of the minority was an equal sum. And such great disparity, noticeable in similar industries and enterprises, can be accounted for only by management.

We could arrange a contest of two industrial concerns producing the same kind of goods with an equal amount of machinery, with equal productive capacity, with the same number of working men and the same extent of personnel in control of the various departments, and at the end of the year their profits would not be equal.

This shows conclusively that all business is a human institution and its results are governed more by human management than the precision with which mechanical and labor-saving devices turn out production.

In this age of credit, the human equation is very apparent in credit management, and the results of the work are in proportion to the broadness and the comprehension of its management.

One type of management concentrates on small losses, another is more interested in building business, while still another type pays due attention to both.

The first type of credit management with an eye directed on the saving of losses does not hesitate to take advantage of situations that will save a loss, no matter how other creditors may feel. To this type of management the use, often resorted to, of a false financial statement to force the settlement of a debt and not for the punishment of the maker seems perfectly legitimate.

The second type of management which regards the acceptance of a large order, for which there is insufficient credit basis, as an opportunity to increase sales and perhaps to confer a favor on the sales department. Too frequently we observe this type of credit management in these rush days when there is such an urge for sales as a means for carrying overhead.

The third type of management regards the interests of the buyer as well as of the seller. If the order has resulted from the urge of the salesman and the shipment of the goods might embarrass the buyer's credit or furnish him with a stock that he might find difficult to sell, this type of credit management would either refuse or curtail the order. This type frequently sees potentialities in a failing merchant and bends its efforts towards his revival and his education in successful merchandising.

When we consider the number of merchants who have gone under because help was not extended them, we recognize that this third type of management does not prevail as largely as we should like to see it; and it should be one of the most important objectives of credit training.

Most of us want to realize the best from our profession. Only a minority in my judgment are malingerers, lacking ambition and having no interest beyond the weekly envelope or the monthly stipend.

Since it is so clear that management is the measurement of our success in any enterprise, we should endeavor not only to get the right incentive and follow the proper training, but to nerve ourselves to sacrifice and to struggle, until all our potential abilities are developed.

Once again let me say that the variances in profit-making, the success of one enterprise above another, the failure of a business when other enterprises of no greater financial strength succeed, point out emphatically how success is related to the human equation which we designate as management.

## The Human Contact

We cannot emphasize too frequently and too strongly that human progress is not spontaneous; it is largely the product of human contacts in the interchange of ideas.

If the privilege were not allowed us of swapping thoughts, of testing the practicability and common sense of our ideas by measuring them with the ideas of others, we should still be largely in the state of nature, lacking entirely the conveniences, the comforts and the desirable luxuries of modern days.

According to this formula it would seem that large cities should be dynamos of human progress, and that the rapid growth in our urban life

should not deprive people of that community of thought and of the personal interchange of ideas which is possible in smaller communities.

Human contacts are overwhelmingly possible in a great metropolis, particularly in underground transit in crowded hours, but they are not contacts which inspire,—on the contrary they are likely to make one wretched.

The village store has been the lyceum of contact, from which have come many refreshing ideas and in which have been developed many leaders of public thought.

Of our thirty-one presidents, a large majority were the products of small communities where companionship was possible, where men met men on common ground, where there was not the aimless turmoil and rush characteristic of the large city life.

Our big financial institutions are managed largely by the product of small communities and our busy industrial world leaders frequently hail from the small cities.

The big community offers opportunity for money income, for material progress, but it lacks the human contact which inspires progressive ideas and builds up ambition.

In these busy days, with urban life growing so rapidly, (for the majority of our people now live in cities,) we must neglect no opportunity for the inspiring human contact through which men can be met on common ground in the ties of companionship; without this contact, a social paralysis would ensue and our powers would congeal.

The meeting of professional, banking and mercantile men in large numbers, since the renaissance in the nation's industry in 1900, has done more for the improvement of banking, medicine, surgery, the law, finance, industry and credits than any other institution I can think of.

This is why I plead so strongly with the men of my craft, credit managers, to take advantage of the 31st Annual Convention of the National Association of Credit Men to be held in New York City during the week of May 24, 1926, when the leaders for the ensuing year will be selected by the delegates. New progress, new courage and new ambitions will result.

No one belonging in this craft, taking real pride in its accomplishment realizing that this is the credit age can afford to miss this great meeting satisfied that his own powers of self-development are all-sufficient.

# You Get a Debtor's Statement

## Is It Unethical for You to Send It Out to Other Creditors?

By Nine Credit Managers

**T**HE FOLLOWING QUESTION was recently asked of the Department of Service of the National Association of Credit Men:

We have sent out to other manufacturers and to banks some copies of financial statements which have been made to us, and not described as confidential by either ourselves or the makers of the statements, in an effort to verify the correctness of these statements. We have got in response generally, very good letters, thanking us for the information we gave, supplying their experience and giving us, in many cases, information which they had. As a result of sending these copies of statements to bankers and to other manufacturers, we have got, on these particular accounts, a good line of information. Was our action unethical?

### Not Unethical

The answer made by Frank G. Hathaway, manager of the Department of Service, was as follows:

"It is not unethical to send a financial statement, offered for the purpose of securing credit, to a banker or commercial firm for the purpose of verification, provided, of course, that there was no understanding between the customer and your firm that the statement was issued in confidence. If it WAS accepted in this manner, that confidence should not be violated."

The question was then put up to a small group of credit executives, on various lines, whose opinions on credit problems, ethical and practical, are of great value. Here are their views:

### To Verify Information

"It is difficult to cite a definite law which would indicate the propriety of revealing to others financial statements which had been obtained by a creditor for the purpose of ascertaining the debtor's financial condition."

"It is generally conceded by all Credit Managers that information obtained in confidence should so be held and not revealed to others. On the other hand, it seems perfectly just and fair for the creditor to verify, if he can, the figures or information which may be contained in the statement. Personally, I have never issued printed copies of any statements submitted by our customers, except in such cases where I have been authorized to do so by a customer."

"On the other hand I have in some cases asked banks and other business houses to verify figures and facts. In such cases, my contact has been with other credit managers whose files would, undoubtedly, contain information and statements similar to those in my own files, so that there would not be any particular violation of confidence as the general facts in any case would not be of a secret nature between us."

### How Could Damages Be Claimed?

"With reference to the ethics of disclosing a financial statement, my opinion is that if the statement was given by the debtor to the creditor in confidence, it is a breach of good faith on the part of the creditor to disclose it to anyone else. If the statement was not given in confidence, there is not such a confidential relationship between the parties as to necessitate the holding of the statement in confidence by the recipient. I do not see how the maker of the statement could claim damages in any event if his business was injured as a result

of a true statement of his financial condition made by himself."

"The question here is not of course primarily a legal one, and I do not suppose that my opinion is any better than anybody else's."

### Bad Effect if Practiced Generally

"It is a question in my mind whether or not action of this kind is unethical."

"Quite frequently a statement is furnished in extreme confidence, in which case I believe it should be so held. When furnished under those conditions it appears unethical to exchange the information, and if this practice were adopted generally I do not feel that it would encourage the issuance of financial statements, and the divulging of information contrary to the manner in which it was procured appears unethical."

"There are many angles to this question, and many divergent opinions on it."

### Letter Would Have Sufficed

"It would seem to us that the action was unethical in forwarding copy of a financial statement to anyone which had been given to him in confidence."

"This point we think could have been covered sufficiently by letter sent out stating they had received the statement which would show generally that the conditions of the concern were satisfactory or unsatisfactory, but in regard to sending the statement out itself, we would not want to do that, if one was sent to us confidentially."

### Always a Troublous Subject

"Personally, I think a great deal of damage can be done and often is done by a creditor who has in one way or another got hold of a financial statement of one of his customers, in turning it over to some other creditor without either the knowledge or consent of the debtor. I do not consider that this kind of action is exactly unethical because one creditor is just as much entitled to figures concerning the standing of an individual or a corporation as another; and it often is only through some unfortunate circumstances that one creditor cannot get hold of a confidential statement, whereas, another is successful in that direction."

"The verification of statements is a good thing; and I make a practice of checking them out as closely as possible, but I am most careful how I do it, and often it is in the form of a personal call on these various other sources rather than through correspondence. In other words, I am always afraid to trust too much of this delicate part of our credit work to correspondence, and especially with those with whom I am not well acquainted."

"I would not hesitate to turn over a copy of a financial statement of one of our customers to someone that I knew was equally interested with ourselves, if I felt that I could depend absolutely upon that statement being treated as confidentially as we treated it. I mean by that that I could depend upon that creditor not to send it out to anyone else without my consent."

"As I believe you know, very often the mercantile agencies are not able to secure financial statements from certain trade, they being told by a debtor that he is willing to give out figures in connection with his business to anybody directly interested, reserving the right even in that event to furnish a statement. In this sort of case he might let me have one of his statements and absolutely refuse a dozen or more other requests. And if I had such a statement and was approached by a fellow creditor for the information, I would not feel as though I could, in fairness to the customer, and in view of the circumstances under which I received that statement,—give them a copy of it."

"This is a live subject and one that

lots of trouble circulates around, and in my opinion always will."

### Quite the Custom

"I do not believe that this sending out copies of statements was unethical. I believe it is quite the custom among credit departments and banks to exchange credit information. We do not hesitate to give other banks any information we have on hand, and in return they are always glad to reciprocate. Of course, this is always done in a very confidential manner, and only in cases where we know the other parties have a real credit reason for finding out."

"I believe this system is of benefit not only to the customer but to the commercial credit departments and banks among which the exchange takes place. I do not see how it could be considered unethical, when properly handled."

### A Violation of Ethics

"As a practical matter, I think that a manufacturing concern can very well afford to be guided,—in determining whether to send out statements for verification or not,—by drawing a Dun or Bradstreet's report, or for that matter any recognized trade agency. If in this report is contained a financial statement of the same date as that of the one submitted to the merchant or of previous dates, it would clearly indicate that the customer of the merchant had no reticence respecting the financial affairs and could scarcely have any logical cause for reproaching the merchant who sent out his statement in the manner indicated in your letter. On the other hand, if there are any definite indications that the customer's statements have not been circulated, it would, in my opinion, be a violation of the ethics of the situation to send forth such statements."

### A Practice Not to Be Encouraged

"I have read your letter with a good deal of interest. My immediate reaction is that a financial statement given by a borrower or debtor to a lender or creditor is confidential data that should be treated as such. I do not believe that a debtor giving a creditor a copy of his statement empowers him to pass that statement on to others. If he wishes a general distribution of his statement, he would do it through the agencies such as Dun and Bradstreet's."

"I may be old fashioned, but I am rather of the impression that this is not a common practice and not one to be encouraged."

You, no doubt, have an opinion on this important question. Will you not write the Department of Service, N. A. C. M., One Park Avenue, New York? Your identity will not be disclosed.

### Director Tarlton Promoted

Fellow members of the National Association of Credit Men are congratulating Walter E. Tarlton upon his recent appointment to the position of general manager of The Central Shoe Company, a selling branch of the Brown Shoe Company, Inc., St. Louis.

Mr. Tarlton began his business career in the manufacturing and credit departments of the Brown Shoe Company, of which he was made a director in 1917, and elected secretary in 1922. He has long been active in the St. Louis and National Associations of Credit Men, and was elected director of the National body in 1925.



# Answers to Credit Questions

By Frank G. Hathaway

Manager, Department of Service

National Association of Credit Men, One Park Avenue, New York

**Q. What are the distinctive features of the Michener Bill on Bankruptcy before the House of Representatives?**

A. There are many, chief of which are amendments designed to eliminate the most flagrant abuses which have appeared in bankruptcy practice, such as the fraudulent composition, the collusive petition, the too easy discharge of the bankrupt, and the difficulties of successful prosecution. This proposed legislation, of such great importance to the credit world, has been treated fully in previous issues of the CREDIT MONTHLY. We have in this office for free distribution House Calendar No. 165, H. R. 8119—a Bill to Amend "An Act to establish a uniform system of bankruptcy throughout the United States," together with a full explanation. These can be had upon request.

**Q. At a recent convention of sales managers, representing lines of goods handled quite extensively, the point was brought up as to when the danger point is reached on losses. One sales manager remarked that his concern's percentage of losses was 1/10 of 1 per cent. on sales. He contended that the Credit Manager was too conservative and that he was going to make an effort to make the Credit Manager loosen up on credits.**

A. I sincerely hope that the Credit Manager referred to will have enough backbone not to be influenced against the best interests of the concern. What the Sales Manager in this instance wants is to make sales at the expense of the Credit Department. I am confident he will not increase but decrease his sales. Nothing tends to hinder the Sales Department more than lax credit granting. Anyone can sell goods to bad credit risks, but it takes a real salesman to sell goods to a good credit risk. This Sales Manager can get all the good business there is to be had under the present credit policy, and the only additional business he could secure under a lax credit policy is that which probably would not pay.

If this same Sales Manager will tell all his customers that their net losses were less than 1/10 of 1 per cent., it will have the effect of being the best business getter he could have. Good concerns like to do business under good credit policies.

**Q. A customer in reply to a request for a financial statement, writes a letter over his signature, stating that a financial statement is enclosed. The statement itself is not signed. Can the statement be considered as a signed financial statement and is it available as a basis for prosecution for using the mails to defraud, or under the False Statement Act, if the statement is materially false?**

A. Such a statement is as good as a signed statement, providing it can be identified as the statement which was enclosed and submitted with the signed letter. Upon receipt of such a statement, a memorandum should be made by the person receiving the communication, which will enable him to identify the statement

## As to Legal Advice

THE Department of Service cannot give advice regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished by the Department only as to the general principles of law involved.

in the event that the question is ever raised in court. The envelope in which the statement and letter are received should be attached to the financial statement and made a part thereof.

**Q. Has a trade acceptance ever been devised providing for payment of a 15 per cent attorney's fee in the event that the acceptance must be collected by suit?**

A. The trade acceptance is only a special form of bill of exchange and there is no reason why a clause such as suggested by you should not be included in the statement. The following clause on the face of the acceptance would be sufficient:

The acceptor agrees that if proceedings are commenced to collect this acceptance by law, fifteen per cent. shall be allowed and included in the judgment thereon, as attorney's fees.

The validity of a stipulation for attorney's fees for the costs of collection is discussed in this year's edition of the "Credit Man's Diary and Manual of Commercial Laws," on pages 289-293.

**Q. When do lien rights expire on material furnished a building concern in North Carolina, when the amount involved is \$9,000.**

A. Section 2470 of the Consolidated Statutes of North Carolina provides that the notice of lien may be filed at any time within six months after the completion of the labor, or the final furnishing of the materials. There is no distinction to be made with reference to the amount involved except as to the filing place of the notice of the lien. The time for filing remains the same in any event.

**Q. How can wage claims be allowed in bankruptcy in excess of \$300? It is our understanding that this is the limit according to the Bankruptcy Law.**

A. The Bankruptcy Law provides that wages due to workmen, clerks, etc., earned three months before the commencement of bankruptcy proceedings are entitled to priority in an amount not to exceed \$300. and that this means not more than \$300. to each claimant. It is therefore possible that wage claims entitled to priority might total \$5,000. or more.

**Q. If a seller mails an acknowledgment to the buyer covering his order for weekly or monthly shipments for six months or so, or an order for part shipment at once and the balance sub-**

ject to requisition by the buyer, can the seller refuse to make further shipments when previous shipments have not been paid for in accordance with terms of sale or, is the seller obligated to make shipments as called for regardless of whether the terms of payment were stated or omitted from the acknowledgment?

A. Where a single order is placed for delivery by installments over a period of months or weeks, and it is contemplated that each installment shall be paid for within a limited number of days after delivery, default in payment for one installment will relieve the seller from the necessity of shipping the balance of the order.

It is usually wise to insert in a contract for installment deliveries a provision similar to that which will be found in the contract for installment deliveries printed on pages 521-523 of the "Credit Man's Diary and Manual of Commercial Laws" for 1926. Particular attention is called to clause 8 on page 523.

**Q. Please advise us what standing in North Carolina and Virginia the cash surrender value of a life insurance policy has for the purpose of credit. Can it be attached and sold, or collected from the insurance company through legal process?**

A. In Virginia, the cash surrender value of a life insurance policy is a chose in action, and choses in action are generally subject to attachment or garnishment in that state. The only exceptions to this rule seem to be that weekly or monthly payments from accident or health insurance companies may not be garnished or attached (Code 1924 Sec. 4219); and benefits paid by fraternal beneficiary associations operating on a large system and having rituals, etc., are not liable to be garnished or attached (Code 1924 Sec. 4292).

In North Carolina, choses in action may be reached by attachment or by garnishee process, but an exemption from attachment or execution of \$500. on personal property is allowed to every resident of the state and he may select a chose in action as part of all of this exemption. *Frost vs. Naylor*, 68 N.C. 325. If not claimed as exempt, it would appear that the cash surrender value of a life insurance policy may be taken in satisfaction of a debt.

**Q. We are flooded with credit inquiries that do not give reciprocal information. I formerly pursued the policy of answering such inquiries indicating that the inquirers' credit information should have accompanied the inquiry. I have not received a single apology or correction because of that suggestion. I do not believe we are called upon, even by the enclosure of a stamped envelope, to answer such inquiries, and therefore, have adopted the policy of refusing to answer any inquiry that does not carry with it reciprocal**

(Continued on page 35)



# The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

## Thinking Through in Business

THE INVESTIGATION OF BUSINESS PROBLEMS: TECHNIQUE AND PROCEDURE. J. Eigelbner. A. W. Shaw Co., Chicago. 1926. 335 pp. \$5.

There are, from the point of view of the author of this useful book, five fundamental steps involved in the investigation of any business problem. These are:

1. Analyzing the problem in order to find out what is wanted and devising working hypotheses to guide the work of investigation;
2. Collecting the facts bearing on the problem as analyzed;
3. Classifying and tabulating the facts in order to bring out similarities, tendencies and concomitant variations;
4. Forming conclusions through logical processes of inference and reason;
5. Testing and verifying the conclusions.

After treating each of these steps in detail, Mr. Eigelbner proceeds to tell the business executive how to determine the particular type of investigation that will best meet his needs; where to start; what subsequent steps should be taken, and how; how to schedule time and cost; and how to record the progress made.

The author indicates when to use the questionnaire method, and when to proceed by personal investigation. He specifies the results that may be expected from personal observation and experiment, the recorded experiences of others, interviews and questionnaires. He suggests when and how published data may be used, and where to find them in indexes and bibliographies.

One of the best features of the book is Mr. Eigelbner's facility in causing the reader to ask himself such questions as these: How may I develop my powers of analysis of business facts? How may I strengthen my faculties of attention, observation, concentration, memory? How may I get access to the experience of others in my own line? How may my facts be organized in order to produce the best results? What books, reports or surveys have been published that bear directly on my problems? How may I test collected facts? Having collected and tested them, how may I tabulate and present them?

The categorical form of presentation is used with good effect throughout the book. Here, for example, are nine points from Chapter VI on "Methods of Collecting the Facts," which might with profit be "pasted in the hat" of anyone who is concerned with business research:

1. Select what you want to remember.
2. Concentrate on the thing you want to remember.
3. Endeavor to obtain impressions through as many channels as possible.
4. Establish as many associations as possible.

5. Develop your weak avenues of impressions through intelligent training, exercise and use.
6. Make your first impressions strong and firm enough to serve as a basis for subsequent ones.
7. Revive your impressions frequently and thus deepen them.
8. Classify your impressions according to some logical form.
9. Use your memory and have confidence in it.

## New Ideas for Old

THE INTEREST STANDARD OF CURRENCY. Ernst Dick. Houghton Mifflin Co., N. Y. 1926. 286 pp. \$5.

Here is a book of 286 pages which will in time, unless all signs fail, inspire reviews, comments, criticisms, denials, diatribes and discussions to the extent of—say 286,000 pages, at a conservative estimate.

Dr. Ernst Dick, a Swiss economist, enters the lists against most of the worthies who have thought, written and legislated on the complicated problem of the currency, and particularly against recent writers such as Silvio Gesell of the Argentine, Professor Irving Fisher, J. M. Keynes, Professor Frederick Soddy and Henry Lowenfeld.

All of the writers mentioned are in substantial agreement, as Dr. Dick sees the situation, on the following points:

1. The main requirement of a standard of currency is the stability of the purchasing power of money; in other words, of the general level of prices, as it is to be ascertained by the computation of Index-numbers.
2. The stability of the internal price level must not be sacrificed to the stability of the rates of exchange.
3. A currency based on gold cannot be stable, because the price (value) of gold is subject to uncontrollable fluctuations; therefore the standard must be freed from the exclusive influence of gold.
4. To insure an unbiased and impartial management of the currency a close collaboration of the National Treasury and the Central Bank of Issue is essential.

After attacking this program at every point, Dr. Dick offers his own recipe for stabilization, which is, in effect, that everything should be left where we find it at the present moment. There shall be no "return" to anything in particular; no return to the gold standard in the form of an officially fixed price of gold; no fixed ratio of the note issue to the gold reserve; no return to a discount policy intended to regulate the flow of gold.

What should we do, then? Dr. Dick confidently answers:

1. Leave the price of gold to find its own level, but do not debar gold from being freely used as legal tender, nor from moving freely from one country to another.
2. Leave the rate of discount unchanged. Both England and Switzerland have preserved their rate of discount unchanged for over a year—from a sheer sense of inability to understand its workings; it is wise not to meddle with forces which one has not learned to master.
3. Keep the State at arm's length from the springs of the currency; no co-operation between the State and the Bank of Issue.

"Thus my scheme," says Dr. Dick, "ought to conciliate the spirit of our age." Just how it does this admirable thing will surely be worth going miles to see. Did we say 286,000 pages of comment? That is far too conservative an estimate. We shall have to add ciphers as needed.

## A Study of Current Standards

THE ETHICS OF BUSINESS. Edgar L. Heermance. Harper & Bros., N. Y. 1926. 244 pp. \$2.

This is a survey of the progress made in recent years toward better standards in American business. Its author is a retired Congregational clergyman living in New Haven, who has previously written another book in the same field, entitled "Codes of Ethics—A Handbook."

Comparison of this book with J. George Frederick's "Book of Business Standards," published by the Commercial Standards Council, is made inevitable by the statement on the jacket of the Heermance book that "all business leaders, trade-association officers, business-club executives, teachers and ministers will find this the only organized record of attempts to improve the ethics of American business." Italics are, of course, ours.

Mr. Heermance, who obviously knew about Mr. Frederick's work because he quotes from it at least four times, can doubtless be absolved of any blame in connection with this far too sweeping statement. Nor can we believe that the publishers, whose record is long and honorable, deliberately intended to discriminate against a good piece of work. Probably the answer to the problem lies in the direction of sales enthusiasm, not too well tempered by experience or information.

In any event, here are two books, and both of them worth while. "The Ethics of Business" is perhaps, from the point of view of form, a more symmetrical and a better rounded book. It might serve admirably as a text for a course in business ethics, in any college or school of business administration.

The "Book of Business Standards," on

the other hand, has certain useful qualities which arise from the experience of its author as a business man, wrestling with ethical problems in the day's work and thus getting a very practical, first-hand view of them.

Both books have sections of vital interest to credit managers. Mr. Frederick quotes, word for word, all 13 of the "Canons of Commercial Ethics" adopted by the National Association of Credit Men. Mr. Heermance quotes Canons 3, 4, 7, 8, and 10.

The introductory section of "The Ethics of Business" consists of two chapters, dealing respectively with "The American Trade Association" and "Codes of Business Ethics." Part II discusses such topics as fair competition, good-will, advertising, commercial honesty, credits and contracts, professional ethics, business as a public service, profits, and relations between employer and employee.

Part III deals with business ethics and social service, and contains chapters on "Motive and Custom in Business Practice," "Ethics as a Science," and "Christianity and Business." There is an Appendix in two parts, one of which deals with "Industries and Professions Suitable for Student Research" and the other with "Research Problems in Social Ethics." The book is printed and bound in the best of taste, as befits a volume which bears the long familiar Harper imprint.

### A Compilation on Taxation

COST OF GOVERNMENT IN THE UNITED STATES. National Industrial Conference Board Inc., N. Y. 1926. 138 pp. \$2.

The results of an investigation conducted by L. R. Gottlieb and his assistants on the Conference Board's Research Staff, under the supervision of the Board's Staff Economic Council, are presented in this book.

The approach is factual rather than interpretative. The book presents the figures showing the growth of taxation and public expenditures in recent years but offers no opinion as to whether the taxation has been just or unjust, the expenditures wisely or unwisely made.

After an introductory chapter on the growth of governmental functions, the volume of taxation in 1924 and 1925 is carefully analyzed. Chapter III deals with the burden of taxation by states and localities, explaining the methods employed and presenting tax comparisons for the principal cities of the country.

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anteed Attorneys and Credit  
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celled service.

Chapter IV discusses public expendi-  
tures, viewing governmental outlay in re-  
lation to the national income, and reveal-  
ing the fact that the total number of per-  
sons on the public payroll now approxi-  
mates 2,800,000, or about 60 per cent in  
excess of the figure estimated for 1913.  
In addition there are approximately  
900,000 persons who receive pensions, an-  
nuities and allowances, granted by gov-  
ernmental authorities, and about 500,000  
persons, on the average, in public alms-  
houses and penal, charitable and correc-  
tional institutions, who constitute either  
temporary or permanent charges of fed-  
eral, state and local governments.

In Chapter V there is a presentation of  
the indebtedness of the national, state and  
local governments, and a significant state-  
ment in regard to the ownership of tax-  
exempt securities. The surprising thing  
here is the proportion of fully tax-exempt  
securities held by those who have no ap-  
parent economic interest in the exemption  
feature attaching to those bonds, but who  
obviously invest their savings in these se-  
curities for other reasons.

A summary is presented in Chapter VI.  
This indicates that the total volume of  
taxation raised in this country was \$7,-  
907,000,000 in 1924, as compared with  
\$7,766,000,000 in 1923, and \$2,194,000,000  
in 1913. The increase in 1924 was \$141,-  
000,000 or 2%. Per capita total taxes in  
1924 amounted to \$70.99, as compared with  
\$70.21 in the previous year and \$22.73 in  
1913.

So far as Federal taxes are concerned,  
New York State outdistances all the other  
states in the Union in its annual contri-  
bution per capita, which is more than  
double the average for the country as a

whole. Of course the fact that corpora-  
tion income taxes are usually paid in the  
state in which the main office is located  
considerably influences the relative distri-  
bution of federal taxation among the  
various states, and in some measure ac-  
counts for the high totals shown by such  
states as New York, Delaware and Rhode  
Island.

Total expenditures of the Federal Gov-  
ernment in 1924 in current dollars were  
about three and three-fourths times as  
high as they were in 1913, despite the fact  
that the total has been continually declin-  
ing since the close of the war. During the  
past six years the Federal debt has been  
diminished by \$4,961,000,000, or an average  
of \$822,000,000 annually.

These are all important facts, and it is  
fortunate that they have been assembled  
and made available for general use. In  
compiling this volume the National In-  
dustrial Conference Board has added an-  
other conspicuous service to its already  
creditable list.

### Another View of Analysis

ANALYZING FINANCIAL STATEMENTS.  
Stephen Gilman, C. P. A. Ronald Press  
Co., N. Y. 1925. 222 pp. \$3.50.

Count that month lost which does not  
find a new book on financial statement  
analysis brought out by some hopeful  
publisher and sent to the conductor of  
"The Business Library" for review in the  
CREDIT MONTHLY.

This month's contribution is from the  
pen of Stephen Gilman, B.Sc., Certified  
Public Accountant (Wisconsin and  
Ohio); first vice-president of the Inter-  
national Accountants' Society, Inc.; au-

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thor of "Principles of Accounting"; and formerly manager of the Credit Department of the Tennessee Coal, Iron and Railroad Company.

The spice which gives this volume its special flavor is its emphasis on the trend percentage method of analyzing balance sheets and profit and loss statements. In advocating this method, the author applies to statement analysis the "index number method" which has been used by statisticians for many years. Mr. Gilman claims novelty for this method, but assures the reader that he may feel entirely safe in using it as it has been checked and approved by "several thousand certified public accountants."

In defending his trend percentage method, Mr. Gilman questions the advantage of the ratio method developed by Alexander Wall and J. H. Bliss. He asserts that any balance sheet ratio represents a relationship between two varying factors and any change in a ratio from one year to another must be interpreted by the examination of the changes in the two items from which the ratio is built; that the ratio is so artificial a figure that it is difficult for the analyst to keep in mind its connection with the actual balance sheet under survey; that the ratios give an unwarranted impression of finality; whereas the different ratios probably vary in their reliability; and that in studying balance sheets by the ratio method it is difficult to obtain a bird's-eye view of the relation of the various elements to one another.

Granting that the ratio method and the trend method of analysis tell essentially the same story, Mr. Gilman submits that the trend method tells it quickly and by mere inspection, whereas the ratio method tells it in an involved way, which requires study to obtain the facts. He suggests six advantages of the trend method:

1. It furnishes a bird's-eye view of the problem.
2. The facts are presented in comparative form.
3. The trends are shown vividly.
4. The figures are easier to interpret.
5. Less highly trained help is required to work out the figures for analysis, and the calculations can be made much more quickly.
6. There is less liability for gross error because the resulting percentages are partially self-auditing through comparison with the actual figures.

Obviously, we have here the makings of a most interesting debate. Mr. Gilman has stated his case, and it is now the turn of the gentlemen representing the negative to speak. As Messrs. Wall and Bliss are both far from inarticulate, it is reasonably certain that those who have bought tickets will get their money's worth, and a good time will be had by all.

### A Business Service Aid

THE RETAIL INVENTORY METHOD AND STORE BUDGET CONTROL. Ernst & Ernst, N. Y. 1926. 25 pp. Sent free on application.

Credit managers who are functioning along the line of what the National Association of Credit Men designates as Business Service,—helping the retailer to merchandise intelligently and therefore successfully,—should by all means include in their kit of tools this small but helpful booklet.

It explains, in direct and untechnical terms, the Retail Inventory Method, whose purpose is to determine monthly the gross profit in each section of a merchandising establishment, and to serve as a basis for the preparation of monthly statements of profit and loss.

It discusses, briefly but adequately, such problems as mark up, accumulated mark up, mark downs and cancellations, determination of inventories at retail, of cost inventory and of cost of sales. It describes the essential factors of the merchandise budget and the expense budget. Under the latter heading it outlines the standard classification of Expense adopted by the Controllers' Congress of the National Retail Dry Goods Association, the main divisions of the classification being:

1. Salaries and Wages
2. Rentals
3. Advertising
4. Taxes
5. Interest
6. Supplies
7. Services Purchased
8. Unclassified
9. Traveling
10. Communication
11. Repairs

12. Insurance
13. Depreciation
14. Professional Services

The booklet suggests how these "fourteen points" may be subdivided into as many accounts as are desired by the management and called for by the size of the store. For example, "Salaries and Wages" may be divided into the following:

- A. Direct Selling
- B. Office and Clerical
- C. Superintendents and Assistants
- D. Indirect Selling
- E. Managers and Assistants
- F. Executives
- G. Work Room
- H. Sundry

This is the kind of information that is of specific value to merchandisers, and credit managers who call the attention of retailers to this useful booklet will be rendering them a genuine service.

## VISION and the Budget

**VISION:** *The inspired mental picture, painted with the brush of keen observation, in the pigments of potential achievement.*

**The BUDGET:** *The "Book" of Business Vision.*

VISION throws the light of the past and the present on future business, picking out the larger opportunities. It is as necessary as credit. It is the back-bone of efficiency in buying, producing, selling or accounting. The lack of it limits progress.

To that part of Business Vision which has to do with forecasting the activities of the year ahead, modern progressive management applies method, no less than to actual operations. Executive foresight is pictured in the written plan—the definite Budget, which serves as a protective guide.

The Budget is the orderly method of seeing ahead. To make a Budget *compels* seeing ahead. The Budget is the formula for thinking today in terms of tomorrow—the "common sense" basis for *controlled* progress.

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*(Continued from page 17)*

ment, term, provision, covenant or condition shall be considered as a payment or waiver of any default hereunder, nor be construed as a permanent waiver thereof. No transfer, renewal, extension or assignment of this contract, or any interest hereunder, by the seller, or any loss, injury, destruction of or to the goods herein described, shall release the buyer from any obligation hereunder.

(3) In the event the buyer defaults in making any payment at the respective times and in the manner herein specified, or in performing any term, condition or covenant here-in provided to be performed by the buyer, or a proceeding in bankruptcy or insolvency be instituted by or against the buyer, or a receiver be appointed for the goods of the buyer, then and in any such event the entire unpaid balance of the purchase price of said goods, and all further and additional amounts secured by this contract, shall, at the election of the seller, become and be immediately due and payable without notice or demand.

(4) The goods hereinabove described shall be kept, when not in use, at number ..... Street, in the City of New York, State of New York, unless the buyer shall secure the consent in writing of the seller to a change in the place of storage or housing of such goods.

(5) No warranties have been made by or on behalf of the seller, unless endorsed hereon in writing and signed by the seller.

(6) The buyer shall keep said goods free from all taxes, liens and encumbrances, and from all charges for keep, repairs, storage, maintenance or accessories, and upon the failure of the buyer so to do the seller may, at its election, make any payments which, in its absolute discretion, it may deem necessary or advisable to procure or keep said goods free of all taxes, liens and encumbrances and from all charges for keep, repair, storage, maintenance or accessories, and the sum or sums so paid by the seller, together with interest thereon at the rate of 6% per annum, shall be due and become a part of the sum secured by this contract, and shall immediately, without demand, be due and be repaid by the buyer to the seller.

(7) The buyer shall keep said goods insured for their full insurable value, and in no event for less than 80% of the price paid therefor by the buyer, against loss by fire and theft, in companies satisfactory to the seller. Loss, if any, shall be payable to the seller, and such policies shall be deposited with and held by the seller as additional security for the performance of this contract by the buyer. In case of the failure of the buyer to keep said goods insured, as in this paragraph seventh provided, the seller may, in its discretion, but shall not be under obligation so to do, procure and/or renew such insurance and pay any and all premiums in connection therewith; and all moneys so paid by the seller, together with interest thereon at the rate of 6% per annum, shall be and become a part of the sum secured by this contract, and shall immediately without demand be due and be repaid by the buyer to the seller.

(8) The buyer will, at the buyer's own expense, keep said goods in first class order, repair and running condition, and will, at the buyer's own expense, replace any worn, broken or defective parts, and will allow the seller and its representatives free access to the goods at all times to inspect the same and to determine the condition thereof, and should the buyer fail to pay for any labor done or for any material or accessories, or worn or broken parts, that may be placed upon said property, the seller may, at its election, make such payment or payments, either before or after claim or lien is filed, and any sum or sums so paid by the seller, together with interest thereon at the rate of 6% per annum, shall be and become a part of the sum secured by this contract and shall immediately without demand, be due and be repaid by the buyer to the seller.

(9) The buyer assumes all responsibility and all liability arising from the use of said goods, either for negligence or otherwise, by whomsoever driven, and will promptly comply with all requirements and regulations, including the licensing of said property, and does and will assume all the penalties by any law imposed, including the laws of the State of New York and all subdivisions thereof, including said City of New York, in which said goods may be or be operated.

(10) It is expressly understood and agreed that until all payments have been made, as in this contract provided, and all the terms, provisions, covenants and conditions herein contained on the part of the buyer to be kept or performed have been fully complied with and performed by the buyer, the buyer shall have no right, power or authority to sell, transfer, assign, mortgage, encumber or in any other manner whatsoever dispose of said goods, or any part thereof, or interest therein, and the buyer

hereby agrees that the buyer will not sell, transfer, assign, mortgage, encumber or in any other manner whatsoever dispose of said goods, or any part thereof, or any interest therein, and will at no time and under no circumstances, part with or surrender the possession of said goods, or any part thereof, and will not suffer or allow any of said goods by any means or under any circumstances to pass out of the buyer's possession; and will not remove said goods, or any part thereof, from the City of New York, State of New York, and will not cause or permit any of said goods, or any part thereof, to be pledged, attached, used or held for any taxes, debts, claims or obligations of the buyer.

(11) Time is of the essence of this contract. The failure of the buyer to make any payment at the respective times and in the manner in this contract provided, or to perform any term, provision, covenant or condition provided by this contract to be made or performed by the buyer at the respective times, and in the manner in this contract provided, is expressly made a ground for the retaking of the goods, or any part thereof, and upon the failure of the buyer at any time or times to make any payment at the respective times and in the manner in this contract provided, or to perform any term, provision, covenant or condition provided by this contract to be made or performed by the buyer at the respective times and in the manner as in this contract provided, the seller may take immediate possession of all of said goods, or any part thereof, including any equipment, additions or accessories thereto, and the seller, its agents, attorneys and employes may enter upon the premises of the buyer, or the premises wherever said goods, or any part thereof, may be located, and remove said goods, or any part thereof, and the buyer will afford the seller every possible facility and means of assistance in such retaking, and said goods, or any part thereof, may be retained by the seller or resold as provided by the Laws of the State of New York. If said goods be resold the proceeds of the resale shall be applied (1) to the payment of the expenses of such resale, (2) to the payment of the expenses of retaking, keeping and storing the goods, (3) to the satisfaction of the balance due under this contract. Any sum remaining after the satisfaction and payment of such claim shall be paid to the buyer. It is expressly stipulated that upon the failure of the buyer to make any payment at the respective times and in the manner in this contract provided, or to perform any term, provision, covenant or condition provided by this contract to be made or performed by the buyer, at the respective times and in the manner as in this contract provided, the seller may, at its election (but shall in no event be obligated so to do) rescind this contract either as to all the goods or as to any part thereof.

(12) Any notice provided by this contract, by any law or otherwise, to be given to the buyer, may be given by depositing the same in the United States registered mail in an envelope addressed to the buyer's address as given in this contract and a notice so given and mailed shall for all purposes be conclusively deemed to have been given to and received by the buyer on the day the same was mailed.

(13) The seller shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to stop or prevent the seller from pursuing any further remedy which he may hereunder, or by the Laws of the State of New York, and any repossession or retaking or sale of said goods, or any part thereof, pursuant to the terms hereof, or as provided by law, shall not operate to release the buyer until full payment has been made to the seller in cash of all amounts due hereunder. The buyer hereby waives the right to remove any legal action from the court originally acquiring jurisdiction. Any provision of this contract prohibited by the Laws of the State of New York shall be ineffective to the extent of such prohibition without invalidating the remaining provisions of this contract. The rights given the seller by this contract shall be in addition to all rights given the seller by the statutes of the State of New York.

*(The above is executed in quintuplet, one copy of which is delivered to and retained by the buyer. It is executed by the agency and by the buyer, and each signature is witnessed.)*

"At the time of the taking of delivery," continued Mr. Filla, "I make it a point to interview each operator and make him feel that he is welcome as a member of the big Yellow Cab family; that the company desires to assist him in making a success, and that the door is always wide open for him to come in to discuss any matter pertaining to the cab business."

"The effect of this contact with the customer is that I get to know him in



an intimate way, from a business viewpoint, and convince him that he can visit me with the assurance that he will be listened to and be treated justly. When a customer does register a complaint I always strive to pass upon it from a fair standpoint. It is common knowledge in every business, that pleased customers are great boosters. In the taxicab business in particular, customers carry their praise to hackmen throughout the city, which results in many additional sales."

The thought came to me, as Mr. Filla talked, that, in New York, we are told that taxicab drivers are thugs, gunmen and numerous other things. I remembered my astonishment at finding an amiable driver. Every crime from pumping meters to bumping off policemen is laid at their door. How, I wondered, could people like this be trusted to pay their bills. I asked Mr. Filla. He bristled slightly as he came to the taxidrivers' defence:

#### Drivers Are Maligned

"The hackmen of New York City are much criticized; but my dealings with them have taught me that much of the criticism is unwarranted. I earnestly believe they are a conscientious, hard-working lot who mean to fulfill their obligations. If for any unforeseen reason, they are unable to meet their payments, the great majority of them do not hesitate to call and state their financial embarrassment in a frank and upright manner. When a period of grace is warranted the agency is not reluctant to grant it. This policy of being courteous, sympathetic and reasonable, yet insistent and firm, I find very effective, because it tends to create good will and makes the customers feel that if adversity should befall them a helping hand will always be offered them."

"The advantage of this method is indicated by the fact that, of the outstanding accounts, the Agency's actual delinquency to date is about one per cent and repossession of cabs is practically nil."

In other words, the principles of Business Service are operating effectively in this business where character is so important a basis of credit. A hackman who is, for one reason or another, behind in his payments, is helped rather than dunned. Suggestions are made, if possible, for placing him on a firmer basis. Especially where a man operates several cabs he can, for the asking, have expert specific advice on methods of turning an operating deficit into profit.

Mr. Filla attributes the agency's low percentage of delinquencies in part to the fact that it works on a weekly instead of a monthly payment plan.

"I am certain that the Agency was the pioneer of this plan in the automotive industry hereabouts. It is not only advantageous from a collection standpoint, making it practically impossible for a customer to get the jump on the manufacturer; it is also an advantage for the customer, because his payments are more easily met and his business better regulated. Numerous customers resisted the introduction of the plan, but would not now go back to the old system."

"In conclusion," remarked Mr. Filla "I might say that, after all, the Credit Department is only one branch of a great organization. Much of its success depends upon the co-operation of other departments, whose single purpose is to make the sale of every cab the sale of a business, in which there is every effort to make the operator pleased and prosperous at all times."

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President

# Fire Prevention

## Utica Credit Managers Lend a Hand

By Waid H. McKnight

Sec., Utica Assn. of Credit Men

CREDIT executives fully appreciate the importance to the business interests of the community of fire prevention. In Utica, N. Y., during Fire Prevention Week J. H. Miller of the Hugh R. Jones Company was assigned the chairmanship of the Fire Prevention Committee of the Association and received the most hearty co-operation not only of the chief of the fire department, Joseph N. Sullivan, but of the Superintendent of Schools, the local Advertising Club, the Chamber of Commerce and the Engineers', Exchange, Insurance Men's, Harmony, Juritex, Kiwanis, Lions, Rotary and Zonta Clubs. Each organization contributed fifteen dollars to a fund to put over the campaign.

A speakers' committee was appointed which took the rosters of the co-operating clubs and made up lists of "three minute men" for the purpose of having a speaker at each of the evening performances at each theatre every night during the week. Reserve speakers were also picked to take care of last minute cancellations. Every appointment was kept for the entire week.

The fire department assigned apparatus to visit the schools where competent men addressed the children on fire prevention. To bring the matter more forcibly to their attention the committee arranged with the Board of Education to run essay contests in the grade and parochial schools. Prizes were awarded by the committee and the interest created surprised even the most enthusiastic committeemen.

Enough time has passed since that week to show that the results were worth much more than the time and money spent. Losses and the number of fire calls have been materially reduced.

The committee at the conclusion of the week's work unanimously decided to make the committee permanent to act as an advisory council to the Fire Chief. In recognition of the work the chief awarded each member of the committee a badge which enables him to enter the fire lines of any fire.

One aftereffect of the work was the recent decision of the members of the Utica Fire Department to contribute to a fund for the printing of fire prevention literature. The members of the department have also volunteered to distribute over 25,000 pieces of this literature to Uticans in "time off." They realize that the business interests of Utica are behind them in their efforts to cut down the fire waste and want to show that the men of the department are desirous of adding their bit to the fight.

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AGENCIES THROUGHOUT THE UNITED STATES AND CANADA

## Wealth and Production

(Continued from page 10)

"But suppose he does dismiss twenty-five hands. The additional demand for labor to make the new machinery still remains, but that is not equivalent to the falling-off in the demand for labor in the shoe factory. The true equivalent is found in the increased demand which the manufacturer makes for labor owing to his increased income. His expenses of production are less, he has as many shoes as before to sell, therefore his income will be bigger. He will spend the increase or invest it; if he spends it, it constitutes a new demand for the labor required to make the things he wants; if he invests it, it constitutes a new demand for the labor required for the machines, buildings, etc., of the business in which he invests it.

"In time, however, other manufacturers will adopt the new machinery, their competition will compel our manufacturer to reduce his prices nearer the cost of production, and his income will come back to its old dimensions. Correspondingly his demand for labor will fall, and we seem to have a net reduction in the demand for labor. But we have ignored the fall in the price of shoes; that fall has released so much of the income of all the people who buy this class of shoes, and enables them to buy either more shoes or more of something else; thus even if their demand for the labor of shoe operatives has fallen, their demand for the labor of the operatives who make the other things that they buy has increased."

The fact is conclusive that while labor saving machinery has been steadily increasing in quantity for over a century, there is no evidence that unemployment has increased or is increasing. Every year in the United States there is an increase in population of fully a million persons. That means that about a million more have to be made room for in industry and commerce. Where can this new employment and payment come from when society is already spending or investing all its income and there are already unemployed workers? It comes only from one source, from the new workers themselves. A million more people to feed and clothe. Additional textile operatives are needed to clothe the new population, building operatives to house them, farmers to feed them; and these additional textile operatives, building operatives and farmers themselves constitute the new population.

The June article in this series, which parallels the correspondence course on Economics provided by the National Institute of Credit of the National Association of Credit Men, will be on "Unemployment and Overproduction, and Value."

### Answers to Credit Questions

(Continued from page 27)

information. What are your thoughts on this matter?

A. Frankly, I am alarmed over the abuse of the Direct Credit Inquiry. As a practical credit grantor, I appreciate your position. We are bound to protect the Direct Credit Inquiry to the extent of warning first offenders by giving them the information requested; however, when the reciprocal feature is not respected, I think any credit department is justified in refusing their own credit information. A great deal of attention has been devoted to this subject. A form has been prepared which is approved by the National Association of Credit Men to be used for direct credit inquiry. This form provides

for reciprocal information; and those using it have obtained results. Your own ledger experience is not the asset it should be to you until you have sent it to interested concerns and receive in return for it their experience. However, I do not believe you can afford to broadcast your experience without getting reciprocal information. This not only includes individual firms, but agencies as well. The Interchange Bureaus of the National Association of Credit Men reciprocate by furnishing a completed report wherever information is asked.

**Q. Under what conditions, if any, should creditors accept compromise or composition offers from debtors?**

A. In a recent statement, the Manager of the Adjustment Bureau Department of the National Association of Credit Men, said: "Creditors should never accept a

compromise or composition offer unless a thorough investigation has been made of the debtor's affairs and the circumstances surrounding the compromise and composition offer, and investigation clearly shows that there are not evidences of fraud, that the embarrassed condition of the debtor is due to circumstances beyond his control, that the debtor has sufficient business capacity and character to continue the business successfully if the compromise or composition is accepted, and that the debtor is offering every possible cent available. Creditors should make compromises and compositions as difficult as possible for the debtor and discourage them in the big majority of cases. It will be far better for creditors to urge liquidation. Acceptance by creditors of unwarranted compromise and compositions serves only to encourage fraudulent failures."

## Business has its Sword of Damocles



Remember the ancient king who could have everything he wanted—a fine palace, riches, servants—so long as a large sword, supported by a single horse hair, hung over his head?

Many Credit Managers have a "Sword of Damocles" over their heads in the form of worries—the constant fear of big and unexpected bad debt losses.

### American Credit Insurance

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## Addresses Wanted

**AARON'S PHARMACY**, formerly of Atlantic and States Avenue, Atlantic City, N. J.

**ADAMS, ART**, formerly of West Bend, Iowa and Kirksville, Missouri.

**ADAMS, C. P.**, formerly of Ordway, Colorado.

**AGERTON, S.**, operated as Oritani Bargain Shop, at Hackensack, N. J.

**ALTMAN, L. J.**, 1420 Nostrand Avenue, Brooklyn, N. Y.

**AMERICAN NOVELTY HOUSE**, formerly operated by Morris Kitay and Louis Rosen, at Pittsburgh, Pa.

**ANTONELLI, THOMAS**, formerly of 606 East 187th Street, New York City.

**APEX PLUMBING & HEATING CO.**, previously located at 61 West 98th Street, New York City, later at 56 East Houston Street, New York City.

**ARMSTRONG, SHERMAN**, formerly of 5 Tupper Street, Rochester, N. Y.

**ARYEWITZ, B.**, formerly at 263 Riverdale Avenue, Brooklyn, N. Y.

**BAHRY, HARRY**, formerly traded as The Ladies Silk Shop, at Cleveland, Ohio, c/o Hotel Winton.

**BAOS, M.**, operated the Baos Heating & Ventilating Co., formerly at 690 9th Avenue, New York City.

**BARMAK, J. P.**, formerly of 7901 Fifth Avenue, Brooklyn, N. Y.

**BATH, B. B.**, formerly of Statesboro, and Savannah, Georgia.

**BEHEF, W. W.**, formerly in business at Albion, Illinois.

**BELL, JOHN M.**, formerly operated the Bell Pharmacy, at 323 Jefferson Street, Elizabeth, N. J.

**BELL, SAMUEL E.**, formerly located in Louisville, Ky., selling oil stocks and bonds. Previously located at Lexington, Ky., drilling oil wells.

**BERNARD, R. M.**, previously located at 29 Hamblin Road, Waltham, Mass.

**BETZ, J.**, 69 Dennis Street, New Brunswick, N. J.

**BEVERLY SHOPPE**, formerly at 1077 Flatbush Avenue, Brooklyn, N. Y.

**BOTSFORD, DR. L. P.**, recently resided at Glen Robbins, Ohio.

**BOVE, THOMAS A.**, formerly of 21 Convent Street, New York City.

**BREARLEY, R. W.**, formerly of Emettsburg, Iowa.

**BROWN, LA VERNE C.**, 1384 Bedford Avenue, Brooklyn, N. Y.

**BUFFINGTON, A. R.**, formerly of Robersonia, Pa.

**BURLAGE, JOHN**, formerly of Lombard, Illinois.

**CALVELLI, VINCENT PAUL**, last known address 1116 Mott Street, Inwood, Long Island, N. Y.

**CARR, J. W. & R. A.**, recently located at Carbondale, Ill. Believed to have gone to Florida.

**COFFEY, C. W.**, formerly lived in Kansas City, Mo. Later moved to Louisville, Ky.

**COHEN & HAFLINGER**, 20 Main Street, Yonkers, N. Y.

**COHEN, LOUIS**, formerly operated the New York Men's Shop, at 52 Trumbull Street, Worcester, Mass. Now supposed to be in New York City.

**COHEN, MRS. S.**, formerly doing business at 9528 Jamaica Ave., Woodhaven, N. Y.

**COLONELLO, 100 Northern Boulevard**, Corona, Long Island, N. Y.

**CONNORS, BEN**, formerly lived in Kansas City, Mo. Later moved to Chicago, Ill.

**DAVIS, LOUIS**, formerly operated the Parrot Hat Shop, at 1923 2nd Avenue, Birmingham, Alabama.

**DE FRANCESCO, JOHN**, formerly of 369 Broadway, Long Branch, N. J.

**DOWD, G. F.**, formerly of Montrose, Colorado.

**DOWNEY'S PHARMACY**, Charlestown, Mass.

**ECCLIES, JOHN S.**, formerly of Lake Park, Iowa and St. Paul, Minn.

**EDWARDS, E. C.**, Wessington Springs and Gann Valley, South Dakota.

**EPSTEIN, A.**, formerly of 7th and Noble Streets, Philadelphia, Pa.

**ERB, CHARLES W.**, formerly connected with the American Electric & Manufacturing Company, at Pittsburgh, Pa.

**ERICKSON, WALTER A.**, San Acacia, Colorado.

**EVANS, J. H.**, formerly of Zanesville, Ohio.

**FALKINS, F. B.**, 189 Pearl Street, New York City. Formerly of C. R. Ross & Sons, 296 Pearl Street, New York City.

**FARRAGHER, G. F.**, formerly of Orland, California.

**FRANCO LABORATORIES**, last known address 309 South LaSalle Street, Chicago, Ill.

**FREISINGER, J. E.**, a drug clerk, formerly of Kansas City, Mo.

**FRIEDMAN, M.**, 1631 Lexington Avenue, New York City.

**GAFFNEY, MRS. W. J.**, formerly had a store in Venice, California.

**GIDMAN, H.**, formerly of 226 Newark Avenue, Jersey City, N. J.

**GLASSMAN, H. COMPANY**, 209 Chestnut Street, Springfield, Mass.

**GOLDBERG, L.**, formerly traded as The Fair Store, at Red Bank, N. J.

**GOLDMAN, BARNET A.**, operated the Irene Embroidery Works, at 15 West 24th Street, New York City. Resided at 500 West 175th Street, New York City.

**GOLDMAN, BENJAMIN**, formerly of 393 Bridge Street, Brooklyn, N. Y.

**GORMAN, A., Proprietor**, Gold Furniture & Auction Company, previously located at Cleveland, Ohio.

**GRANT, HENRY**, formerly of the Main Street Tire & Battery Shop, at 266 Main Street, White Plains, N. Y.

**GUEST, S. D.**, 606 W. Walnut Street, Goldsboro, North Carolina.

**HALL, GEORGE**, formerly located at 2029 Third Avenue, New York City.

**HANSON, C. H.**, formerly in the garage and oil business, at Vivian, South Dakota.

**HARRIS, L. E.**, formerly in the electric supply business at Naples, N. Y. Now supposed to be in Florida.

**HIGGINS, H. D.**, recently located at Clarksburg, Indiana. Reported to have gone to Oklahoma.

**FIRSCHMAN, H. ZACHARY**, 727 Rockaway Avenue, Brooklyn, N. Y.

**HOLCOMB, P. A.**, formerly of Redfield, South Dakota, and Wessington Springs, North Dakota.

**POLESE, R. W.**, formerly of San Acacia, Colorado, Omaha, Nebraska and Douglas, Wyoming.

**HOLST, VICTOR**, San Acacia, Colorado.

**HORWECK, JACOB**, formerly at 330 Henderson Street, Jersey City, N. J.

**HUMMEL, JEROME**, previously located

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Also writes AUTOMOBILE INSURANCE against  
FIRE, THEFT, COLLISION, etc.

JANUARY 1st, 1926

Assets as of January 1st, 1926	\$67,922,096.58
Capital	3,500,000.00
Surplus	24,161,943.85
All other Liabilities	40,260,152.73

E. C. Jameson, President

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# Credit Insurance

Before a bill of goods is delivered to a customer, the chief responsibility of the credit man has been discharged. It is his job to determine whether the customer is a satisfactory credit risk and when he has rendered his decision his effective control of the situation ends.

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Credit men will find in a National Policy of Credit Insurance an instrument which gives full coverage against all unusual bad debt losses, enabling them to concentrate their endeavor upon a reduction of the normal rate of loss inherent in the business.

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115 Broadway, New York

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at Louisville, Ky. Later was located at Pittsburgh, Pa.  
**JOA. CURTIS**, Proprietor, International Forwarding Company, formerly at Vincennes, Indiana.  
**JORGENSEN, GEORGE**, formerly employed by the Meyer Both Company, Michigan Avenue at Twentieth Street, Chicago, Ill.  
**JORPLAND, NELS**, formerly of Norway, Iowa. Believed to be somewhere in California.  
**KANE E. F.**, formerly at Wauneta, Nebraska, and Stillwater, Oklahoma.  
**KAWER, S.**, trading as Isabelle, at 305 Roebing Street, Brooklyn, N. Y.  
**KOBLINTZ, B.**, 5124 Avenue N., Brooklyn, N. Y.  
**KOCHLER, JR.**, formerly of 2919 Ridge Avenue, Philadelphia, Pa.  
**KAUFMAN, JACOB S.**, 1437 Fulton Street, Brooklyn, N. Y.  
**KOYLER, R.**, formerly conducted the Albany Cloak Shop, at 3114 West 22nd Street, Chicago, Ill.  
**KRAGER, PETER**, previously located at Wessington Springs, South Dakota, and Waterloo, Iowa.  
**KRAUSE, OTTO**, 1760 Westchester Avenue, New York City.  
**KREIS, H. GAIL**, formerly in business at Moneta, California, operating a Hudson and Essex Distributing Agency.  
**LADIN, M.**, formerly located at 350 Indiana Avenue, Indianapolis, Indiana. Now reported to be in Philadelphia, Pa.  
**LAWHEAD, J. S.**, 488½ Center Street, Johnsonsburg, Pa.  
**LEV, A. L.**, formerly of 30th & Cumberland Streets, Philadelphia, Pa.  
**LEWIS, MRS. EULA M.**, formerly trading as Lewis & Tandy, at Dawson Springs, Kentucky. Later located at Madisonville, Kentucky, and believed to have gone to Chicago, Ill.  
**LINEMAN, E. A.**, formerly at Mechanicsville, Iowa.  
**LIPPMAN, L.**, 300 Washington Street, Brooklyn, N. Y.  
**LIPSCHITZ**, last known address 153 Nosstrand Avenue, Brooklyn, N. Y.  
**LOOP GARAGE**, operated by A. E. Kootz, at 207 4th Avenue, Cedar Rapids, Iowa.  
**MCCRERY, G. W.**, formerly of Harmony, Ind.  
**MAGLIO, J. A.**, 2415 2nd Avenue, New York City.  
**MARCUS, H. & COMPANY**, formerly of 116 Market Street, Philadelphia, Pa.  
**MARCUS, LOUIS**, formerly at 36th Street & Mermald Avenue, Coney Island, N. Y.  
**MARSEAL ROOF PAINT CO.**, last known address 428 Woodward Building, Washington, D. C.  
**MARSHALL PAPER CORPORATION**, formerly operated by Elmer F. Marshall, at 3443 N. Halstead Street, Chicago, Ill.  
**MASON, C. L.**, formerly at Byers, Loveland and Denver, Colorado.  
**NEELBUSCH, M. J.**, Proprietor, Park View Garage, formerly at 4440 North Western Avenue, Chicago, Ill.  
**MULLER, JOHN S.**, Haigler, Nebraska.  
**MONIHAN, JOHN GUY**, previously had offices in the General Motors Building, Detroit, Michigan. Reported to have gone to Florida.  
**MYANDEK, J.**, formerly at 378 Broadway, Astoria, Long Island, N. Y.  
**MYERS, RALPH D.**, Lake Park, Iowa.  
**NEWPORT, B. F.**, formerly at Chattanooga, Tenn.  
**NOYER, MRS. BEATRICE**, operated the Vanity Trimming Shop, at 4129 Broadway, New York City.  
**O'DELL, C. L.**, formerly at Cedar Rapids, Green and Charles City, Iowa.  
**OLSON, ETHEL M. & HAROLD F.**, operated the Bon-Ton Gift Shop, formerly located at 3946 North Ashland Avenue, Chicago, Ill.  
**OPEL, N. J.**, formerly of 2915 Lockridge, Kansas City, Mo.  
**PESTKA, MAX**, Goose Lake, Iowa.  
**PIERCE, J. H.**, last known address 510 West 9th Street, Cincinnati, Ohio.  
**POPPEL BROTHERS**, formerly located at 4449 South Halsted Street, Chicago, Ill.  
**PORTNOV, S.**, formerly of Portnov & Gold Company, New Haven, Conn. Now believed to be in New York City.  
**RAIMONDO, G.**, recently operated a grocery at 12 Prince Street, New York City.  
**RICHMOND SPECIALTY SHOP**, Port Richmond, Staten Island, N. Y.  
**ROBBLY, H. C.**, operated the West Dayton Wall Paper & Paint Shop, at Dayton, Ohio.

**ROGERS & WILKE**, last known address 1141 Elizabeth Avenue, Elizabeth, N. J.  
**ROWE, MERTON**, Lake Park, Iowa.  
**ROWETH, E. C.**, formerly in the garage and oil business at Wauneta, Nebraska.  
**SCHNEIDER, W. C.**, formerly of Oxford, Iowa.  
**SILVER PAINT PRODUCTS CO.**, 1900 South Washtenaw Avenue, Chicago, Ill.  
**SOLOMON, DAVID**, formerly of the Idora Dress Company, last known address 47 West 34th Street, New York City.  
**STEPHENS, HARRY L.**, formerly of Beulah, North Dakota.  
**STRICKLAND, A. H.**, formerly of Statesboro, Georgia.  
**SZYMAUSKI, EUGENE**, formerly of Los Angeles, California, and Tabor, South Dakota.  
**TIP TOP OUTFITTING CO.**, formerly operated by J. Engler, at 1140 Broadway, Brooklyn, N. Y.  
**VAN TASSEL, JEFFERSON M.**, formerly of Van Tassel Sheet Metal Works, 1911 J. Street, Sacramento, California. Supposed to be now in Erie, Pa.  
**VITOFF, SAMUEL**, trading as the Criterion Dress Company, at 1 S. W. First Street, Miami, Florida.  
**WALLACE, WILLIAM B.**, trading as William F. Wallace & Son, in the sporting goods line, formerly at 510 West Girard Avenue, Philadelphia, Pa.

**WARD-WARNER GIFT SHOP**, formerly in the Lincoln Hotel, Lincoln, Nebraska.  
**WEISEN, BEN**, formerly in the radio business at 1915 Avenue U., Brooklyn, N. Y.  
**WEISS, JOSEPH**, last known address 69 East 183rd Street, New York City.  
**WEISS, L.**, formerly located at 2533 Seventh Avenue, New York City.  
**WERNICK, SOL.**, formerly at 393 Avenue C., Bayonne, New Jersey.  
**WEXLER, S. W.**, 31 Park Place, New York City.  
**ZUNIN, JOHN**, formerly conducted the Sheridan Photo and Radio Supply Company, at 75 Greenwich St., New York City.

### Special Notice

A man calling himself J. A. PALETHORPE, has been operating throughout the country, passing bad checks. Palethorpe uses as a pretext the story that he is the representative of a large concern which is either in the market for machinery or wishes a new location. Through acquaintances struck up in this manner, he passes his checks. He is wanted in a number of places.



Seventy-two years continuous service in the  
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## -an Adjustment "Service Station"

**T**HE National Association of Credit Men, through its Adjustment Bureaus, extends to the Credit Departments of American Business in every section of the United States a medium for co-operative protection of receivables.

In every important commercial center a bureau is specially organized:

- To conduct personal investigations.
- To personally adjust accounts.
- To investigate composition offers.
- To serve in a fiduciary capacity in the rehabilitation of debtor's business.
- To serve in a fiduciary capacity in friendly liquidations.
- To serve in a fiduciary capacity in Bankruptcy Cases.
- To represent claims in Bankruptcy Cases.
- To collect receivables.

Collection items are received by Bureaus with the understanding that should developments indicate the necessity of action for all creditors, the interest of one shall be subservient to all.

Consider our Adjustment Bureaus as a part of your Credit Department.

For further information, write the Adjustment Bureau Department, E. Paul Phillips, Manager.

**National Association of Credit Men**  
One Park Avenue New York, N. Y.

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## ADJUSTMENT BUREAUS

NATIONAL ASS'N

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# your Phone

**CALIFORNIA**—Los Angeles—Wholesalers Board of Trade, Higgins Bldg., F. C. De Lano, Mgr.

Note: Independent Organization not controlled by but wholeheartedly endorsed by the National Association of Credit Men, and the official Bureau of the Los Angeles Association of Credit Men.

**San Diego**—Wholesalers Board of Trade & Credit Association, 673 Spreckles Bldg., Carl O. Retsloff, Mgr.

**San Francisco**—Board of Trade of San Francisco, 444 Market St., G. W. Brainard, Sec'y.

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**DISTRICT OF COLUMBIA**—Washington—Adjustment Bureau of the Washington A. C. M., 701 Colorado Bldg., R. Preston Shealey, Sec'y.

**FLORIDA**—Tampa—Adjustment Bureau of the Tampa A. C. M., 5 Roberts Bldg., S. B. Owen, Mgr.

**GEORGIA**—Atlanta—Adjustment Bureau of the Atlanta A. C. M., 305 Chamber of Commerce Bldg., C. L. Williamson, Mgr.

**Augusta**—Adjustment Bureau of the Augusta A. C. M., 313 Lamar Bldg., M. M. Hurst, Mgr.

**Savannah**—Adjustment Bureau of the Savannah A. C. M., Box 1316, L. R. Buckner, Mgr.

**ILLINOIS**—Chicago—Adjustment Bureau of the Chicago A. C. M., Suite 944, 1st National Bank Bldg., 38 So. Dearborn St., D. J. Evans, Mgr.

**INDIANA**—Evansville—Adjustment Bureau of the Evansville A. C. M., 607 Old National Bank Bldg., C. Howard Saberton, Mgr.

**Indianapolis**—Adjustment Bureau of the Indianapolis A. C. M., 509 Peoples Bank Bldg., V. L. Wright, Mgr.

**South Bend**—Adjustment Bureau of the South Bend A. C. M., 412 J. M. S. Bldg., G. W. Seybold, Mgr.

**IOWA**—Cedar Rapids—Adjustment Bureau of the Cedar Rapids A. C. M., 902 American Trust Bldg., B. D. Silliman, Mgr.

**Davenport**—Adjustment Bureau of the Davenport A. C. M., First National Bank Bldg., H. B. Betty, Mgr.

**Des Moines**—Adjustment Bureau of the Des Moines A. C. M., 812 Valley National Bank Bldg., Don E. Neiman, Mgr.

**Sioux City**—Adjustment Bureau of the Interstate A. C. M., 601 Trimble Bldg., J. B. Murphy, Mgr., P. A. Lucey, Asst. Mgr.

**KANSAS**—Wichita—Adjustment Bureau of the Wichita Association of Credit Men, 901 First National Bank Bldg., M. E. Garrison, Mgr.

**KENTUCKY**—Lexington—Adjustment Bureau of the Lexington Association of Credit Men, 28 Northern Bank Bldg., John D. Allen, Mgr.

**Louisville**—Adjustment Bureau of the Louisville Association of Credit Men, 3rd Floor, Kenyon Bldg., S. J. Schneider, Mgr.

**LOUISIANA**—New Orleans—Adjustment Bureau of the New Orleans Association of Credit Men, 608 Louisiana Bldg., T. J. Bartlette, Mgr.

**MARYLAND**—Baltimore—Adjustment Bureau of the Baltimore Association of Credit Men, 301 West Redwood Street, I. L. Morningstar, Sec'y-Mgr.

**MASSACHUSETTS**—Boston—Adjustment Bureau of the Boston Credit Men's Association, 136 Federal St., H. A. Whiting, Mgr.

**MICHIGAN**—Detroit—Adjustment Bureau of the Detroit Association of Credit Men, 2012 First National Bank Bldg., L. E. Desley, Mgr.

**Grand Rapids**—Adjustment Bureau of the Grand Rapids Association of Credit Men, 450 Houseman Bldg., H. L. Boggs, Sec'y-Mgr.

**MINNESOTA**—Duluth—Duluth Jobbers Credit Bureau, Inc., 415 Lonsdale Bldg., E. G. Robie, Mgr.

**Minneapolis**—See St. Paul.

**St. Paul**—The Northwestern Jobbers Credit Bureau, 241 Endicott Building, W. C. Rodgers, Mgr.

**MISSOURI**—Kansas City—Adjustment Bureau of the Kansas City Association of Credit Men, 315 Hall Bldg., A. E. Adam, Mgr.

**St. Louis**—Adjustment Bureau of the St. Louis Association of Credit Men, 510 Locust St., Orville Livingston, Mgr.

**MONTANA**—Billings—Adjustment Bureau of the Montana-Wyoming Association of Credit Men, Box 1184, Meredith Davies, Mgr.

**Great Falls**—Adjustment Bureau of the Northern-Montana Association of Credit Men, 215 Ford Bldg., C. L. Voelker, Mgr.

**NEBRASKA**—Lincoln—See Omaha.

**Omaha**—Adjustment Bureau of the Omaha Association of Credit Men, 411 Wilkinson Bldg., G. P. Horn, Mgr.

**NEW JERSEY**—Newark—Adjustment Bureau of the North Jersey Association of Credit Men, 760 Broad St., G. A. Boyce, Mgr.

**NEW YORK**—Buffalo—Adjustment Bureau of the Buffalo Association of Credit Men, 704 Erie County Bank Bldg., L. E. Chandler, Mgr.

**New York City**—Adjustment Bureau of the New York Credit Men's Association, 320 Broadway, M. W. Clark, Mgr.

**NORTH CAROLINA**—Charlotte—Adjustment Bureau of the Charlotte Association of Credit Men, 17 South College St., S. R. Howard, Mgr.

**Greensboro**—Adjustment Bureau of the Greensboro Association of Credit Men, 804 American Bank Bldg., S. R. Howard, Mgr.

**Winston-Salem**—Adjustment Bureau of the Winston-Salem Association of Credit Men, Farmers National Bank Bldg., S. R. Howard, Mgr.

**OHIO**—Cincinnati—Commercial & Industrial Engineering Department of the Cincinnati Association of Credit Men, Citizens National Bank Bldg., J. L. Richey, Mgr.

**Cleveland**—Adjustment Bureau of the Cleveland Association of Credit Men, 322 Engineers Bldg., Hugh Wells, Mgr.

**Columbus**—Central Ohio Credit Interchange & Adjustment Bureau, 514 Clinton Bldg., J. E. Fagan, Mgr.

**Toledo**—Adjustment Bureau of the Toledo Association of Credit Men, National Bldg., H. E. Brittain, Mgr.

**Youngstown**—Adjustment Bureau of the Youngstown Association of Credit Men, 1105 Mahoning Bank Bldg., H. B. Doyle, Mgr.

**OKLAHOMA**—Oklahoma City—Adjustment Bureau of the Oklahoma City Association of Credit Men, 230 Terminal Arcade Bldg., A. L. Smith, Mgr.

**Tulsa**—Adjustment Bureau of the Tulsa Association of Credit Men, 512 Central National Bank Bldg., V. P. Wilson, Mgr.

**OREGON**—Portland—Adjustment Bureau of the Portland Association of Credit Men, 671 Pittock Block, G. W. Ingram, W. Redman, Executive Secretary.

**PENNSYLVANIA**—Allentown—Lehigh Valley Adjustment Bureau, 403 Hunsicker Bldg., J. H. J. Reinhard, Mgr.

**Johnstown**—Adjustment Bureau of the Johnstown Association of Credit Men, Box 905, R. H. Coleman, Mgr.

**Philadelphia**—Adjustment Bureau of the Philadelphia Association of Credit Men, 1502 North American Bldg., D. A. Longacre, Mgr.

**Pittsburgh**—Adjustment Bureau of the Pittsburgh Association of Credit Men, 1213 Chamber of Commerce Bldg., H. M. Oliver, Mgr.

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**SOUTH CAROLINA**—Greenville—Piedmont Credit & Adjustment Bureau, 210 Capers Bldg., R. B. Wright, Mgr.

**TENNESSEE**—Chattanooga—Adjustment Bureau of the Chattanooga Association of Credit Men, 809 Broad Street, J. H. McCallum, Mgr.

**Knoxville**—Adjustment Bureau of the Knoxville Association of Credit Men, American National Bank Bldg., W. E. Bibee, Mgr.

**Memphis**—Adjustment Bureau of the Memphis Association of Credit Men, 668 Randolph Bldg., E. N. Dietler.

**TEXAS**—Dallas—North Texas Credit Interchange & Adjustment Bureau, Suite 725, Santa Fe Bldg., Vernor Hall, Mgr.

**El Paso**—Adjustment Bureau of the Tri-State Association of Credit Men, 622 Caples Bldg., James Neeson, Mgr.

**Houston**—Adjustment Bureau of the Houston Association of Credit Men, 315 First National Bank Bldg., Charles De Sola, Mgr.

**San Antonio**—Adjustment Bureau of the San Antonio Association of Credit Men, 313 Alamo National Bank Bldg., Henry A. Hirschberg, Mgr.

**UTAH**—Salt Lake City—Adjustment Bureau of the Inter-Mountain Association of Credit Men, 1411 Walker Bank Bldg., T. O. Sheckell, Mgr.

**VIRGINIA**—Lynchburg—Adjustment Bureau of the Lynchburg Association of Credit Men, 405 Lynch Bldg., S. H. Wood, Mgr., Mrs. M. A. Blair, Asst. Mgr.

**Norfolk**—Adjustment Bureau of the Norfolk-Tidewater Association of Credit Men (Branch Office of Richmond Credit Interchange & Adjustment Bureau, Inc.), 1210 Bank of Commerce Bldg., J. P. Abernethy, Mgr.

**Richmond**—Richmond Credit Interchange & Adjustment Bureau, Inc., 518 State & City Bank Bldg., J. P. Abernethy, Mgr.

**WASHINGTON**—Seattle—Adjustment Bureau of Seattle Merchants Association, 314 Colman Bldg., H. S. Gaunce, Mgr.

**Spokane**—Spokane Merchants Association, 718 Realty Bldg., J. D. Meikle, Mgr.

**Tacoma**—Wholesalers' Association of Tacoma, 802 Tacoma Bldg., E. B. Lung, Sec'y.

**WEST VIRGINIA**—Clarksburg—Central W. Va. Credit & Adjustment Bureau, 410 Union Bank Bldg., U. R. Hoffman, Mgr.

**Huntington**—Tri-State Credit & Adjustment Bureau, 1200 First Huntington National Bank Bldg., E. V. Townsend, Mgr.

**Bluefield**—(Branch Office) Tri-State Credit & Adjustment Bureau, Bailey Bldg., R. W. Newton, Mgr.

**Charleston**—(Branch Office) Tri-State Credit & Adjustment Bureau, Citizens National Bank Bldg., Lee H. Henkel, Mgr.

**WISCONSIN**—Milwaukee—Adjustment Bureau of the Milwaukee Association of Credit Men, 706 Mayer Bldg., T. H. Nimlos, Mgr.

**Green Bay**—Adjustment Bureau of the Northern-Wisconsin Michigan Association of Credit Men, Kellogg National Bank Bldg., C. W. Shekey, Mgr.

**Oshkosh**—Adjustment Bureau of the Oshkosh Association of Credit Men, 76 Main St., C. D. Breon, Mgr.

**FOR COMPLETE INFORMATION ON SERVICES SEE OFFICIAL DIRECTORY OF ADJUSTMENT BUREAUS**

## AFFILIATED WITH THE OF CREDIT MEN

**YOU MAY KNOW WHAT TO DO—  
AND WHEN TO DO IT—  
BUT TO KNOW WHY, YOU MUST**

## STUDY THE PRINCIPLES OF CREDIT

**Progress** for the man or woman in business is marked by milestones in the form of increased responsibilities and better compensation. These evidences of advancement are won partly on the basis of experience, but they depend essentially on a far more important factor,—systematic education in the established principles which underlie sound business practice.

The purpose of the National Institute of Credit is to provide at the lowest possible cost to the student, educational training which will make advancement in business not a possibility but a certainty. In the credit field, the Institute aims specifically to qualify its students, whether beginners, credit men, credit managers or credit executives, to move up to the position which is immediately ahead of them and which represents the next logical step in their advancement.

**The Institute** is a Department of the National Association of Credit Men. Its educational work is carried on through two main channels—class room courses offered under the auspices of local credit associations in a number of cities, and correspondence courses conducted from the National Office at One Park Avenue, New York City.

Prospective students who are within traveling distance of one of the class room courses should, if possible, carry on their study in this way. By so doing they will get the advantage of personal contact with the instructor and opportunity for exchange of opinion and experience with other students.

Those who are not able to attend class room courses should arrange to take the correspondence work.

**Correspondence Courses** now offered by the National Institute of Credit are two: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be solved and sent to the Director of the Institute for correction and grading, after which they are returned to the student with grade and comments.

The text in the Credits and Collections course is "Credits and Collections," by David E. Golieb and Richard P. Ettinger, published by Prentice-Hall, Inc. In connection with this course there are five problems.

In the Basic Economics course the text is Henry Clay's "Economics for the General Reader" (the American edition, edited by Professor Eugene E. Agger, of Columbia University).

Correspondence courses in Business English and Accounting are being planned and will be announced as soon as they are ready.

Meanwhile a number of students are continuing their work toward the Institute's certificates by taking correspondence courses offered by educational institutions such as Columbia University and the University of Wisconsin.

DR. FRANK A. FALL,  
NATIONAL INSTITUTE  
OF CREDIT, DEPT. 5,  
One Park Avenue,  
New York City.

Will you kindly mail me information concerning the following courses: (Check course desired).

"Basic Economics" ( )  
"Credits and Collections" ( )

Name .....

City ..... State .....

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**Certificates** The National Institute of Credit gives two Certificates, the Junior and the Senior Certificate. The Junior Certificate is awarded to students who have completed the following 300 hours of work:

Credits and Collections .....	60 hours
Economics .....	60 hours
Business English .....	60 hours
Accounting .....	60 hours
Law of Contracts, or Corporation Finance and Investment Credit .....	60 hours
<b>Total .....</b>	<b>300 hours</b>

The Senior Certificate is awarded to students who have completed the work prescribed for the Junior Certificate and 300 additional hours (a total, therefore, of 600 hours) in the following subjects:

Law of Contracts, or Corporation Finance and Investment Credit .....	60 hours
Principles of Business .....	30 hours
Merchandising .....	30 hours
Money and Banking .....	30 hours
Business Barometrics .....	30 hours
Business Law of Bankruptcy .....	30 hours
Negotiable Instruments .....	30 hours
Foreign Trade and Foreign Credit .....	30 hours
Credit Research .....	30 hours
<b>Total .....</b>	<b>300 hours</b>

**Associates and Fellows in Credit.** Students who have been awarded the Junior Certificate and who have had three years of practical credit experience become Associates of the National Institute of Credit. Students who have been awarded the Senior Certificate and who have had five years of practical credit experience become (provided they are at least 25 years of age) Fellows of the National Institute of Credit.

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